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ABSTRACT

The proceedings of the 1978 Legislative Work Conference of the Southern Regional Education Board include eight essays on higher education. In the first essay, "Financing Higher Education in the 1980's: Fewer Students, More Dollars?," Lyman A. Glenny outlines nine issues that may affect fixed and variable costs for higher education. In "Public Policy and Private Higher Education," David W. Breneman presents his views on federal and state policies affecting private higher education. He sees possibilities for the South that are effectively unavailable to the rest of the nation. In "The Bakke Decision and State Legislatures," Robert M. O'Neil focuses on implications of the Supreme Court decision for state policymakers. In "Supply and Distribution," Frank A. Sloan outlines some of the policies that have been tried or are being considered by states to influence the distribution of health manpower. In "Supply: Changing the Focus to Health Care Delivery," Gordon H. DeFriese describes several specific programs that states now have in operation and that have promise for delivering health care services to rural areas. Robert R. Martin, a college president turned legislator, and Max Sherman, a legislator turned college president, present their views on higher education in "Capitol and Campus." "Competency Testing's Policy Implications for Teacher Training," by Charles B. Reed, remarks by West Virginia Governor John D. Rockefeller, IV, and remarks by Virginia Governor John N. Dalton are also presented. (SW)

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Proceedings of 27th SREB Legislative Work Conference
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Higher Education Perspectives '78

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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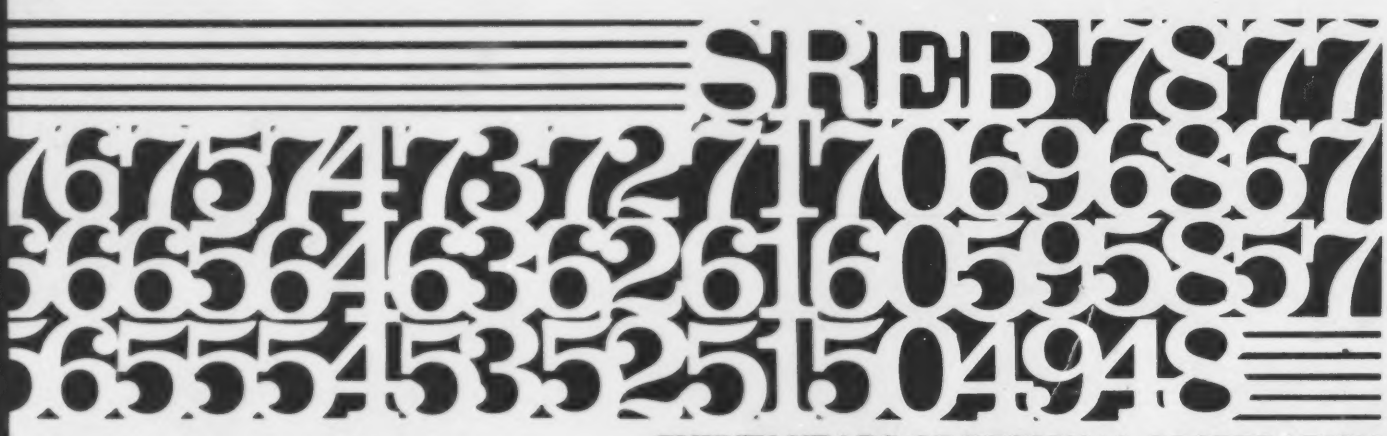

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Foreword

As the end of this decade approaches, higher education draws closer to the changing conditions forecast for the Eighties, including fluctuating enrollments and mounting costs. Indeed, some of the predictions have become realities that already are influencing policymaking.

As the SREB Legislative Advisory Council planned its 27th annual Legislative Work Conference for Southern legislators, the aim was not to skip lightly over the numerous higher education issues now competing for attention. Rather, the Council opted to seek a better perspective on a few of the problems that will be on upcoming legislative agendas. Thus, the emphasis was on the immediate future when legislators from the Southern states met in Williamsburg, Virginia, to take stock of "Higher Education: Perspectives '78."

Underlying nearly all future plans for higher education are questions of enrollment and finance. More students and increased expenditures have been higher education's bottom line for most of two decades. Forecasts for many institutions and states are now for fewer students. State policymakers may see this as an opportunity to hold steady or reduce higher education appropriations, but legislators are confronted with factors, besides inflation, that may keep costs up as enrollments decline. Lyman Glenny of the University of California at Berkeley outlined nine issues which he believes will affect fixed and variable costs for higher education. While Glenny maintains that for institutions losing substantial enrollment it will be necessary to reduce state appropriations, he foresees that overall costs are likely to increase even with reduced enrollment.

The legislative questions about enrollment and finance are not limited to state-supported colleges and universities. Public policy and private higher education is a legislative item in most SREB states, with state assistance to private higher education now exceeding $40 million annually in the South. David Breneman of the Brookings Institution presented his views on federal and state policies affecting private higher education. Breneman sees possibilities for the South that are effectively unavailable to the rest of the nation.

While forecasts for enrollment and finance may be uncertain, there is no doubt that the most rapidly moving education trend of this decade is competency testing. Nearly every state has now adopted or is considering a program for determining the competencies of its public school students. Already competency testing for teachers is advocated in some states and this movement may have far-reaching implications for teacher training. Charles Reed of the Florida Department of Education presented his views that pre-service and in-service teacher training programs will be very much affected and this movement will result in new accountability standards for teachers and colleges of education.

Competency testing is the fastest moving development in education in general, but no higher education topic has received greater public attention this year than the *Bakke* case on reverse discrimination. The Supreme Court's divided *Bakke* decision gave some guidelines to institutions

but left many questions unanswered. Robert O'Neil of Indiana University focused on implications of the Supreme Court decision for state policymakers.

A higher education related problem that is particularly troublesome to the South is the availability of health care services in certain geographic areas. Medical school enrollments have never been higher but many areas, particularly rural ones, are underserved in terms of health care. Frank Sloan of Vanderbilt University outlined some of the policies which have been tried or are being considered by states to influence the distribution of health manpower. Gordon DeFriese of the University of North Carolina at Chapel Hill described several specific programs which states now have in operation and which appear to hold some promise of success for delivering health care services to rural areas.

Legislators and educators may sometimes have difficulty communicating, but those attending the Legislative Work Conference had little trouble in discussing the "capitol and the campus" with a state senator turned university president and a university president turned legislator. State Senator Robert Martin of Kentucky, formerly president of Eastern Kentucky State University and President Max Sherman of West Texas State University, formerly a Texas state senator, gave their views on higher education now that their roles have reversed.

The gubernatorial perspective on higher education issues is of particular interest to legislators. Governor John D. Rockefeller IV of West Virginia, chairman of SREB, shared his views on a number of issues from his unique perspective as a governor who has served both as a legislator and a college president. Governor John N. Dalton of the Conference's host state of Virginia underscored his belief that taxpayer accountability concerns for higher education are likely to increase even more.

It is our hope that the SREB Legislative Work Conference and these essays will promote discussion and planning among higher education policymakers in the South.

Winfred L. Godwin
President

Financing Higher Education in the 1980s: Fewer Students, More Dollars?

Lyman A. Glenny*

Legislators and governors are at least as aware as the college and university leaders of the impending decline in college enrollment. These policymakers no doubt look with some hope on the opportunity to hold steady or reduce the appropriations for higher education as enrollments decline in most institutions. These comments are directed at the chances of their succeeding.

One future college enrollment trend is certain and inescapable; that is the number of traditional college-age students has peaked. From this year, and at least for the next fifteen, the number of 18 to 21 year olds will be decreasing at an accelerating rate.

What effects will the reduction in this traditional college-age group have on the financing and costs of higher education? Will the state experience the same claims for more funds rather than less in fashion similar to the elementary and secondary experience? If so, why? If not, what will the savings be? Will all states be affected somewhat similarly? What generalization can be made that will help legislators and governors to understand the forces at work on higher education costs?

This paper first presents some demographic, financial and operational facts and trends about higher education, and then lays out nine issues which potentially will arise over the financing of colleges and universities. Other issues abound, but those included appear to have high probable impact on public policy. Some of the issues have not yet received particular attention by state or national policy analysts.

The Enrollment Picture

This past June the number of high school graduates increased by about 5,000 nationwide over the year before. That number will not increase again for ten years, and after 1989 will drop precipitously until the mid-Nineties. Nationally the drop in number of 18 to 21 year olds — the group that provides almost 75 percent of all college students — will be about 25 percent by 1993. Great differences will occur among the regions of the nation because, since 1960, the number of live births has varied from almost no decrease in the Mountain states to declines of 27 percent in the Northeast. In the South — the 14 SREB states — an increase is expected in Florida, a drop of less than 10 percent in Texas, and drops of more than 20 percent in six other states,with the remaining states falling less than 20 percent.[1]

Variations also occur among the states in each region and even among the geographic areas within a state. Hence, data about demographic trends must be carefully assessed for individual states. Each will be different.

This discussion concentrates on available national data, much of which is not published for regions or by state. These trends form the basis for the kinds of issues which legislators in all but a few states will eventually face.

While the drop in the number of college-age youth will accelerate downward, the number of women and the proportion of women and minority students compared with white males will increase. Women now constitute half of the college students under 22 years of age

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and they'll constitute a majority of all college students within another year or two. Ten years ago they made up only 46 percent of that group.[2] Black students constituted about 7 percent of the college population in 1970, while in 1977 the percentage had increased to 11. The number of black students 14 to 34 years of age enrolled in school in 1977 (1.1 million) was twice the number enrolled in 1970. These data are from the most recent publication on population estimates of the U.S. Census Bureau. The document states, "The number of blacks 18 to 24 years of age has increased (between 1970 and 1977) at almost twice the rate of whites in that age group."[3] Given the live births and the birth rates already known, these trends showing a greater proportion of women and minorities in college will continue to accelerate upward.

Also increasing rapidly in the past seven years is the number of 25 to 34 year olds — up by about 32 percent. This age group will continue to increase rapidly for a dozen or more years because it contains those persons born in the postwar boom. The impact of the 25- to 34-year-age group has not generally been recognized in higher education, but just in one year, between 1976 and 1977, the number of students over age 25 increased by 400,000 and of these students "the number of women increased significantly while the number of men did not."[4]

Two other trends will be of significance to future policy. One is the proportion of the age group which graduates from high school. This percentage rose to roughly 80 percent in the United States and dropped two percentage points.[5] This means that the high school graduate pool from which colleges draw most students is smaller by thousands of students than if the rate had remained stationary or continued to increase. Nevertheless, among whites 25 to 34 years old, the proportion who had not completed high school was 24 percent in 1970 but only 15 percent in 1977; for blacks, the proportion dropped from 47 percent to 29 percent.

The other trend influencing policy on higher education is the college-going rate of the age group. The percent of males 18 and 19 years of age — the youngest ones — that went on to college in 1970 was 40 percent, but that dropped to 34 percent by 1977. At the same time that this very great drop was occurring with men attending college, women increased their rates of college-going by a couple of percentage points so it now exceeds the rate for men.[6]

One final word on college enrollments. We know from the experience in the early 1970s, when enrollments were also doing some fluctuating,that the colleges most subject to enrollment drops were the state college/university types and the small private liberal arts colleges, mostly church-related. The big universities with distinguished reputations did not lose enrollment, while the new emerging universities, the state colleges that tried to become universities, tended to lose enrollment. The community colleges continued to increase enrollments by attracting people well over the traditional college-age level. One can expect somewhat similar results in enrollment patterns by type of institution as enrollments drop in the 1980s, but some factors may change the picture rather radically for the community college, especially if the number of part-time students begins to decline or the particpation of the older age group 25 to 34 reaches the saturation point, as it seems to have for males in the traditional college-age group.

Lyman A. Glenny

Financial and Cost Trends

During the past ten years the volume of dollars for higher education increased at a rate greater than enrollment. Janet Ruyle at the Center for the Study of Higher Education at Berkeley found in her study of state appropriations that state general revenue going to higher education increased some 200 percent since 1968.[7] In the South, it was 254 percent against the 207 percent for the nation. In the South, state general revenue increased 215 percent which was less than the 254 percent increase in higher education appropriations. Much of this difference came from the slackening support for elementary and secondary education which in the South dropped from 47 percent of state general revenue in 1968 to 38 percent in 1977. However, the percentage of state general revenue going to higher education in the South rose only 2 percent so just a fraction of the funds realized from cutbacks in basic education went to the higher institutions. If one accounts for inflation and converts the dollars into constant deflated ones equal to worth in 1969, the increase for the nation was only 69 percent rather than the 207 percent in unadjusted dollars. By region: West 81 percent, Central 62 percent, South 86 percent, East 49 percent.

Comparing the constant dollar increases with enrollment increases of full-time-equivalent students in public institutions we find appropriations did keep up with total national enrollments. For the nation, public enrollment was up 67 percent while the dollars were up 69 percent. However, for the ten-year period in the South, enrollment was up 93 percent against 86 percent in constant dollars and for the past four years enrollment was up 35 percent and constant dollars only 23 percent (U.S. was 17 percent and 21 percent respectively). Ruyle found that across the nation state appropriations in constant dollars often bear little relationship to added enrollment. In some states enrollments went up but dollars down, while the reverse is true in others. In the states reporting in the study, the rate of growth of constant dollar appropriations was greater than enrollment in 26 states, 19 increased enrollments more than appropriations, and two held the same percentage increase.

Appropriations of constant dollars per FTE student by region shows the South and East lagging. For the past four years the South was down 8 percentage points and the East 5, while the West went up 9 and the Central states 15 points. So the South, in spite of its increase in constant dollars at higher rates than the U.S., still fell behind in appropriations per FTE student because of the great enrollment increases over the ten years. Some reasons for this discrepancy will be brought out in the discussion of issues which follows.

An examination of recent data from the National Center for Educational Statistics shows the estimated expenditures of institutions of higher education by source of funds for the period 1960 through 1977. Whereas in 1967-68 the federal government provided 19.1 percent and the states 24.1 percent of the funds, by 1976-77 the federal government had reduced its share to 15 percent and the states had increased their percentage from 24 to 30 percent.[8] Thus the states have had to pick up the slack left by the federal withdrawal of its proportional support. Actual dollars have increased but the proportional support has decreased. Again, in the discussion of issues which follows, some reasons for this transfer of financing will be explored.

Issues

1. Issues arising from the mix of students in postsecondary education.

- The majority of students entering college are now part-time and the part-time proportion continued to increase steadily over the past ten years. At some point a leveling off is likely to occur but until it does, the costs associated with increased student numbers may beset a college or university, even though its full-time-equivalent enrollment may be falling. Since most part-timers take only a single class or two, it takes three or four of them to make up the course load for which one full-time student would be enrolled. Hence the number of professors need not increase, but the offices for admissions, registration, counseling, publications (of class schedules and course catalogues), and records must be staffed to deal with individual students, whether they take one course or six. Hence costs of administration can easily continue or even increase although the number of full-time-equivalent students remains stable or decreases.

- The proportion of all students over 25 years of age also continues to increase, bringing with it student expectations of better and more career counseling, up-to-date equipment and libraries, and better physical facilities. The percentage of the age group 25 to 30 enrolled in college has increased by 50 percent since 1970 and the 30 to 35 year olds have gone up from 3.7 percent of the age group in 1970 to 6.5 in 1977, or 75 percent.[9] The people in this age group are the labor force, the taxpayers and the voters, and they will play those roles in making demands on public officials for what they consider to be necessities for "their" colleges and universities. The college student can be considered less and less a non-voting youth and more and more a policy-influencing citizen.

2. Issues arising from the competition for students as traditional college-age youth decrease in numbers.

- While the costs involved in competition for students may not be substantial, expenses will occur in advertising college courses and programs (often taking the form of full-page ads in newspapers) and in sending out recruiters to high schools, unions, retirement communities, and other places likely to produce new students. Legislators will see little need for public colleges and universities to spend public funds in a competitive battle for students. This issue, because of its visibility, may be blown out of proportion to the costs involved, but costs there will be.

"...the South, in spite of its increase in constant dollars at higher rates than the U.S., still fell behind in appropriations per FTE student because of the great enrollment increases...."

3. Issues arising from the stable number but aging faculties in most colleges and universities.

- Even with no additional students the costs of personnel maintenance, especially the academic part, will continue upward. Younger professors can rightfully expect to be promoted at regular intervals and given pay increases for merit, just as in the career civil service systems of the state. If a college has a relatively youthful faculty, over time the cost increases can be substantial without any change in faculty numbers. On the other hand, some institutions already have the problem of an older, heavily tenured-in faculty. Costs for these institutions may not increase very much in the next few years and could be expected to decrease as retirements occur and younger, less well-paid faculty are hired. In the South, however, because of enrollment increases, faculties tend to be younger, and less tenured-in, and higher costs than in the East and Northeast can be expected.

- Some colleges have cut their faculty costs by employing part-time faculty members rather than full-time faculty with their perquisites, retirement, sabbaticals, and health plans. Part-time faculty are paid only for the courses they teach, with no perquisites and, often, no offices or secretarial help. Now, however, the part-time faculty are unionizing in many parts of the nation and demand treatment equivalent to that of regular faculty — apportioned according to their teaching loads. Hence, this, too, may be a factor for increased costs if the part-time component of the faculty is already high.

- Faculty and staff salaries will have to be closely aligned with the increases in cost of living. Inflation has already brought down the relative salary position of faculty members to other professional groups and even to other state workers. A state can certainly save money by not keeping salaries up with the inflation spiral but, inevitably, the better faculty members — those with diverse interests and who are highly specialized — will seek other kinds of employment in government or industry; and what's more, they can obtain such employment because of their exceptional credentials. They just displace persons who would normally hold those positions but who have lesser credentials. That's all right for the faculty member, but it isn't all right for the colleges they leave because those are the younger, dynamic ones who want to make changes. At the same time, quality of the faculty tends to deteriorate leaving student graduates with poorer skills and poorer intellectual capabilities. After the mid-1980s, we're going to have a labor shortage — a labor shortage of young, well-educated, intensely-skilled people. The very ones that industry, in particular business, looks to now for new theory and new knowledge, and will look to then as well. Hence, it would appear imperative that with the diminishing number of students the quality of their education be improved so that they will be at a higher productive level than the same kind of graduates today, because they're going to have to be more productive. They're going to be in short supply with an aging work force and many more people at the retirement age. Their numbers will be fewer and fewer for at least 15 years, and probably until the year 2000. And each graduate will be more critical to the welfare of society, as was true in the 1950s and early 1960s.

4. Issues arising from educational programs.

The continuing shift away from liberal arts to career-oriented programs, the increasingly technical specializations of new programs, and the coming into full operation of new medical, veterinary, and other high-cost programs will all promote higher budgets for colleges and universities, even though overall enrollment may stay constant or decline.

- With the exception of business and law, almost all programs oriented toward a professional, paraprofessional, or technical position in the society cost much more than the liberal arts programs, the traditional fare of the college student. Unit cost studies have consistently shown technical and science programs to be anything from 50 percent to 500 percent more expensive to offer than the social sciences or humanities. Yet public policy, as well as the self-interests of students who are looking for jobs, has resulted in, and continues to push, enrollment for career preparation. Without a change in student numbers or even with rather substantial reductions in enrollment, the continuing shift to career programs can easily increase the costs of operations.

- Given the technological advances already made in many disciplines and professional programs, the new specializations resting on these bases are even more expensive to initiate and bring to full operation than the existing programs. These highly specialized programs meet very real and particular needs in the society. Examples abound in physics, chemistry, the biological sciences, in medicine and the paramedical fields. In these fields and others, the cost of equipment alone has increased at rates two or three times the general rate of inflation. Replacement for obsolescence

plus equipment for new specializations will continue to increase costs which have relatively little relationship to overall enrollment.

- In the past five years many states have created new medical schools, new veterinary schools, and new law schools. Initial planning monies and those for startup did not seem outrageous to legislators, especially to those in whose districts the schools were to be located. Now, however, the enrollments originally planned for the schools are getting in place, and the costs of operations soar to levels even higher than those first forecast by the opponents of the projects. Either the costs of these new schools are met or the quality of the education offered will foreclose the possibility of accreditation. Warnings from state coordinating boards about the eventual high costs of some of these schools and the lack of showing a clear-cut need for them were frequently ignored by legislators. Now the monies for operations, which are increasing even more rapidly than they are in any other program in higher education, must be found, and they will increase the total costs of education, even as enrollments for the state drop.

"...get your coordinating boards and governing agencies to set up criteria for diminishing programs and closing them out...."

- Also increasing the costs of programs in most colleges and universities is the new and much needed effort to evaluate program effectiveness and quality. Both public officials and institutional leaders have urged such evaluations. Specialists for this work and offices for program evaluation have cropped up in virtually every college or university of any size. These are new costs, and pressures for more accountability will continue to increase them. Again the expenses may not be high in comparison to the benefits, but they require new monies nevertheless.

5. Issues arising from the differential attractiveness of institutions for students.

- Entry to first-rate institutions will continue to be much sought after, even during times of general enrollment decline. Most reductions will occur in the poorer quality institutions, especially those outside the urban areas. Even good institutions in rural settings find it more and more difficult to attract students who increasingly are part-time. They are part-time primarily because they need to work while attending school. Urban settings offer that opportunity; rural ones do not. Hence, some states will be under pressure to increase the enrollment capacity of their large distinguished universities while simultaneously having to deal with the problem of reducing programs and staffs at other public institutions. This issue is particularly bothersome because measures to shift enrollment from popular to less popular institutions are almost doomed to failure. The need for city employment, the range of specialization of programs and the attractiveness of city versus rural life mitigate against successful diversion of students. (Long experience in one system already indicates that only one in five students diverted from institutions on which enrollment ceilings have been placed actually attend other campuses of the same university. These students generally leave the state to attend what they consider to be a campus of equal quality to the one in which they first wanted to enroll within the state.) Distinguished institutions in the rural areas may also maintain their enrollment, but it's going to be a little more difficult for them. So it's the undistinguished, more recently established, and rural schools that are going to lose enrollment. In the not too distant future, serious thought is going to have to be given about closing some of them. And that will be a political "donnybrook." So, if you have any ideas about this, you'll want to get your coordinating boards and governing agencies to set up criteria for diminishing programs and closing them out and closing institutions now. Don't wait for the issue to become a political issue. You'll take a lot of heat off yourselves if coordinating boards establish the criteria and gradually let retrenchment happen. The result of such enrollment ceilings during the mid and later 1980s will be to decrease the range of high quality educational opportunity just when it needs to be made most available and to allow a brain drain of talent from the state.

6. Issues arising from enrollment fluctuation within institutions among programs and disciplines.

During the past ten years, shifts in enrollment away from one discipline and into another have created serious administrative and resource allocation problems. For example, during a six-year period from 1968 to 1974 enrollment in the hard sciences declined an average of almost 60 percent across the nation while those in the biological sciences went up about 40 percent. Other disciplines also showed substantial shifts. When these shifts are from expensive to less expensive programs, ostensibly money could be saved. Shifts in the opposite

direction — away from the social sciences and humanities toward engineering and career education — would increase the need for funds.

- The shifts will continue to occur as potential students assess the market for employment opportunities — just as they have in the past. Manpower studies by states and the federal government have not been very helpful in predicting employment shifts, and certainly not the response students will make to any shifts predicted.
- As noted earlier, women will constitute a majority of all college students in the near future. Teacher education traditionally attracted most women in college but this oversupplied field encourages women to seek other careers — and almost invariably the programs entered are more costly to offer than teacher education. Women now go into the sciences, engineering, law, medicine, nursing, paramedical specialities, and other job-oriented programs which formerly often were the province of men. And so, this fact that women are going to constitute a greater and greater proportion of all college students and that they're going into far more expensive programs will increase costs no matter what you do. Of course, this outcome would not occur if male enrollments were dropping in the same programs, but the realities of the job market make that eventuality unlikely.
- This issue, too, is difficult to handle. Each year an institution cannot hire and fire faculty summarily in order to shift the resources toward the popular programs, even if that were desirable. (Two years hence popularity may shift back to the low enrollment discipline as it recently has with engineering.) Even over a long period of time, a core faculty of a low enrollment program may be essential to its revival. At the same time faculty, staff, and physical facilities need to be furnished to the popular programs.

7. Issues arising from variable and constant operating costs.

In the early 1970s, as enrollments declined in many institutions by 10 to 40 percent, legislatures were almost invariably understanding of the need to maintain the budgets of the failing institutions at fairly high levels. Few were cut, and fewer yet by anything like the percentage drop in enrollment. In the 1980s, with enrollments likely to drop in the majority of institutions, legislatures can rightfully expect a decrease in funding demands (after accounting for inflation). Not all costs are variable by enrollment numbers but some of them are, while others hold fast.

- Those costs which tend to be constant are associated with the maintenance of libraries, other physical facilities, and grounds. Utility costs also continue and will no doubt go up rather than down in costs. Overheads of central administration offices are constant for the hard core of the principal administrators. These costs are likely to continue regardless of the number of people in school.
- Those costs which vary to some degree in relation to enrollment generally constitute the greater portion of operating budgets. Support staff as well as faculty may be laid off or allowed to retire early, less equipment and services for teaching will be needed, and counseling, admissions and registrar staffs may be decreased, depending to some degree on the amount of shift toward part-time enrollments.
- Institutions will be reluctant to allow, without a battle, cuts in their budgets, but for institutions losing substantial enrollment it will be essential to reduce them in order to allocate wisely the limited total resources for higher education. The criteria and procedures for reductions in program and staff should be adopted in each state as quickly as possible, and certainly prior to the time when the highly emotionally charged decisions on reductions must be made. If institutional leaders know in advance what consequences to expect as enrollments decline by various percentages, they can make appropriate plans. They also will be far less likely to engage in a political fight to maintain their total budgets.
- There are costs that will continue and there are costs that will decrease. The coordinating agency in your state ought to be able to make the differentiation, and set up some kind of formula for taking care of financing under these conditions.

8. Issues arising from the relatively poor quality of elementary and secondary education for minorities.

The demographic data show that blacks and Chicano young people will be increasing at twice the rates of whites. The elementary and high schools for these minorities have not generally produced graduates who have the skills necessary to enter and succeed in college.

- Colleges of all types have initiated remedial education programs for students with deficient skills. Some of these programs have succeeded, most have not. Each campus deals with the problem as it sees fit — often without reference to what succeeds or not in other institutions. No particular type of college has legal responsibility for this

function, although the bulk of the students have slowly drifted into the community colleges where they can be dropped out easily.

- As the number of young people declines, the necessity for superior preparation of all college students will become increasingly imperative for the welfare of business, industry, and government. Minority students will continue for the indefinite future to constitute a greater and greater percentage of all students available for college training.
- The issue in all states having a substantial percentage of its population black or Chicano will be to find means by which the colleges can remedy the failures of earlier education, while the state concurrently improves the quality of that earlier education. Failure in these goals may well lead to labor shortages in critical occupations and professions.

9. Issues arising from student grant programs adopted to increase access to college.

State student grant programs began to generate rather large sums of money in a few states as early as the late 1950s. During the Sixties, many more states joined this group with aid programs based strictly on financial need, thus providing access to economically deprived young people. Over time, efforts have been made, mostly by the private colleges, to increase the total state funding and often the amount available to individual students. The states now spend hundreds of millions of dollars on student grants. These sums not only pay the tuition which goes into college coffers to pay education costs, but also pay for room, board, transportation, and school supplies. Hence, a substantial percentage of the grant goes for other than education per se. Yet the total appropriation for the grant program is looked upon as part of the state higher education budget. From studies of budgeting practices by the states, it has been found that the slice of the state general revenue pie for higher education does not necessarily increase with new programs, new schools, or additional grants. Thus, insofar as money for higher education is diverted through grant programs into subsistence for persons (a welfare function), it diminishes the expenditures for actual education.

- The federal government entered the grant program business late in the 1960s (forgetting for the moment the GI Bill of World War II). Initially these programs were directed toward the lowest income students with the bases of need determined by tuition and also subsistence, transportation, and other personal costs. Funding for these federal grant programs has increased so that billions rather than millions of dollars measure the appropriations.
- The federal government finds funding for the grant programs by reducing or, more often, eliminating education and research programs. The funds for such programs had been directed into college and university expenditure budgets. Thus the funds formerly going into education budgets are now steadily diverted to student grant programs including the welfare components, rather than to education programs.
- As noted above, the federal share of higher education funding has dropped from over 19 percent to just 15 percent — and that 15 percent includes the grant programs. Thus the federal share for direct educational purposes has fallen even more than these percentages would indicate.

"...the coming into full operation of new medical, veterinary, and other high-cost programs will all promote higher budgets...even though overall enrollment may stay constant or decline."

- The federal government in 1972 passed the State Student Incentive Grant program which provides in 1977-78 over $65 million to the states, on a dollar for dollar matching basis. This funding is for a need-based student grant program. It encouraged virtually all the states which had not yet authorized grant programs to do so. It also enticed states with existing programs to augment appropriations in order to match the federal funding with new money. Thus the initiative was taken by the federal government and states fell into line as usual when dollars are at stake. These grants to student are based on need and include subsistence and transportation. Thus not only has the federal government diverted its own funds in this direction, but it has enticed the states to do likewise. Hence the total sum available to higher education for education purposes is steadily eroded. The demand by the public institutions is and will be for additional state funds to make up for the losses in education dollars resulting from the grant programs.
- Most importantly, the data also show that the states have picked up the five percentage points of higher education expenditures which the federal government is no longer furnishing.

- In summary, the federal government has diverted funds to student grant programs, has encouraged the states to increase their funding for grant programs as well, and at the same time has lessened its share of higher education expenditures. State governments will continue to be asked to replace both the federal and state funds which have been lost for education purposes. A footnote can be added that in 1978 the federal grant programs have been extended to cover millions of middle income students as well as low income ones so the states may continue to receive considerable federal pressure (so far successful) to increase their own funding of grant programs. I'm not arguing against the program, but the consequence in relation to educational expenditures has not been recognized, and we need to recognize that there will be demands for educational monies that are being displaced by funds that are going into grants for subsistence and transportation.

These then are some of the issues which will be facing policymakers in the years ahead. Some of them are recurring; some are new; and some underlying conditions are old, but just discovered as an issue. It is apparent that the states have, on the whole, continued their funding of FTE students at the same rate as in 1968, but it is also true that costs will not go down in proportion to losses in enrollment and, given the conditions related to several issues, the costs are quite likely to increase even with reduced enrollment. ■

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Public Policy and Private Higher Education

David W. Breneman*

For more than two years, several colleagues and I at the Brookings Institution labored on a study of public policy and private higher education, resulting in publication of a book with that title earlier this year.

Why did we undertake this work at Brookings? First, Brookings definitely has a Washington focus and some of us there had watched the absolute stalemate that developed during the Education Amendments of 1976, largely because of an inability to resolve public/private college disputes over student aid policy. The private sector wanted one set of changes in the student aid programs and the public sector another. No compromise could be reached, and Congress finally threw up its collective hands and said, "A pox on both your houses — we will leave things more or less unchanged." And now the process of amending federal student aid programs is with us again, for the government sees fit to re-examine these programs roughly every four years. Consequently, our first motive was to contribute an analysis that might help prevent a deadlock in the forthcoming review.

Secondly, we were very much aware of the 25 percent drop in the 18-year-old population between now and 1993, and were particularly concerned that most of the projected retrenchment would fall on the private colleges and universities if no policy changes were made. Thus, we concentrated on policies designed to preserve a healthy private sector.

Thirdly, we wanted to develop some reasonable proposals before the crunch of the 1980s enrollment declines was upon us, with colleges stumbling into bankruptcy and coming to the states for bail-outs. An important aspect of the challenge is that, as legislators, you will need to have a definite policy — as a self-protective measure if nothing else — regarding what to do when the number of trips to the state capitol by private college presidents whose institutions are on the skids increases. Although the actual number of private college closings during the last six or seven years, contrary to a lot of publicity, has been miniscule — fewer than 40 four-year colleges and an equal number of two-year colleges — the 1980s will be different. Ideally, you should develop policies now in anticipation of the tough years ahead for higher education.

Now, a few words about why you should worry about the private sector. Is there any reason to do so? From a purely economic perspective, there is less reason now than a decade ago, at least in states that foresee excess capacity in the public sector. The economic argument has been that the private sector saves states millions of dollars by not having to educate those students in public institutions. A decade ago, that was an extremely persuasive argument. In a situation where some of you face the possibility of excess capacity in public sector institutions, however, that argument becomes less persuasive and is probably not one on which the case should rest. It is, however, true that small private colleges, heavily tuition-dependent, are among the most vulnerable in the forthcoming decade. Furthermore, the higher education marketplace — and I'm going to use that term even though it is often misinterpreted — is heavily skewed against the private colleges. Tuition charges in the private and public sectors bear no rational relationship to the costs of education in the two sectors. Thus, there is no reason to

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assume that student choice operating in the current market, where the average private college charges $2,000 more per year than its public counterpart, will lead to a pattern of retrenchment that reflects society's best interest, particularly if most of the closings are in the private sector. The economist's model of the marketplace only makes sense if certain conditions are met, and these conditions are almost universally violated in the world of higher education.

> "...there are possibilities in the South that are effectively unavailable to the rest of the country in doing something to improve the financial equity among public and private campuses."

Another important factor, to me at any rate — and I should state that I'm a graduate of public institutions exclusively, and thus don't have any personal ax to grind for private colleges — is that the public sector is increasingly limited to universities and community colleges, in both cases fairly large institutions. The public sector doesn't seem to support or create many small campuses. The forces that drive public institutions to large size mean that the small private four-year liberal arts college, often affiliated with a religious or value orientation of some sort, really is a rather unique part of American higher education.

I am now nearing the age where my own children are not too far from college, and in talking with other friends, I know there are many people who want their children to have access to a small college environment. In fact, I was often struck by the fact that many public university professors, who in my acquaintance over the years often send their youngsters to small private liberal arts colleges, at the same time extoll the merits of the large university for somebody else's kids.

From this experience, I conclude that the argument that the private sector does provide valuable diversity is a serious and realistic one, and that we would be much poorer as a nation if large numbers of these institutions closed their doors in the next decade. However the public interest doesn't call for the survival of all of these campuses. Our book is not a plea for universal bail-out for all private colleges. It does argue that we ought not to maintain a set of rules that skews most of the cuts toward the private sector, which, in a sense, is what current financing policy does.

Before coming down here I did a bit of homework on the 14 SREB states, for I was curious about the role the private sector played in your states. There were just under 400 private institutions in the 14 states as of 1975-76, which was right at 25 percent of the nation's total. In fact, in all of the 14 states the private sector is significant in terms of the number of institutions. Overall, about half of the institutions in the SREB states are private, ranging from a little more than three-quarters of the institutions in Kentucky, to slightly more than one-third in Louisiana and North Carolina. So, none of the 14 states is going to be unaffected by the issues facing private colleges.

Another interesting feature of the private institutions in your states, compared to the rest of the country, is that average tuition and expenditure per student in the Southern private colleges are markedly lower than elsewhere, particularly in the Northeast. This means that there is a greater opportunity, ironically, for the Southern states to do something really significant to help the private sector at costs that are not completely mind-boggling. There is very little, for example, that Massachusetts can do for the private colleges in that state that wouldn't just shatter the budget up there. The chapter on state policy options in our book includes some careful computations about what state budget increases could do to reduce private sector tuitions in various parts of the country. One computation showed that a 10 percent increase in the higher education institutional support budgets of seven Southern states, if it were all directed to the private sector and used to reduce tuition, would have cut average tuition in the private colleges by 43 percent. This estimate was for 1974-75, and would have cut the public/private tuition gap to less than $500. Now, I'm not going to say that 10 percent of your state institutional support budgets is a small amount. But, if you look at this as an incremental increase spread over a number of years, it suggests that there are possibilities in the South that are effectively unavailable to the rest of the country in doing something to improve financial equity among public and private campuses. That is, if you make a decision to do something about the problem, success is within your grasp.

There is also an over-arching question about what strategy to follow in aiding the private sector. Although overly simplified, the choices boil down to a planning approach or a market approach stressing student choice. In our book, we endorse the market approach, which would rely on student choices for determining which institutions thrive and which fail. If you could enhance the choices available to students, let them decide freely where they want to go, it would be possible in good conscience to step back and say what survives in the 1980s is what ought to survive, having passed a fair market test. Institututions will have been given a fair chance to compete, and those that can't attract students don't survive. Being an economist, I favor that approach to any effort to plan centrally for retrenchment. I've discovered in talking on this subject, however, that the market approach is almost universally disfavored by

those in the audience. There is a drive toward state planning that is probably unstoppable. How the planning approach will affect the private sector, I don't know; but the planning vs. market approach to retrenchment represents a major strategic choice for the states.

The second broad issue is the respective roles of state and federal governments in trying to resolve this dilemma. Their roles are far from clear and we are running out of time to resolve the questions of responsibility before the 1980s crunch is upon us. I will discuss these two fundamental issues — planning vs. market and federal and state roles — in turn.

I have already said that I think there is a strong case for improving the higher education marketplace because I would prefer to let students determine the fate of institutions, rather than have those decisions made by a group of state planners. Of course, the two approaches are not entirely mutually exclusive, and there are good arguments for improved state planning, so I hope we have some spirited discussion of my position. Those who advocate a strong emphasis on the student marketplace, however, must present evidence about how the market currently performs, drawing on studies of the demand for higher education. The demand studies that have looked at where students go to college — and why — are complex, but they can be summarized as follows.

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There are non-price factors (e.g., location, quality, size) that are enormously important to student choice among colleges, but price is obviously significant too. However, it appears that price is less important to the decision of *whether* to attend college at all than it is to the second-order decision of *where* to attend, once the student has decided to go. You can think of a young person deciding on whether to go to college or whether to go to work, and the evidence suggests that if tuition were lowered by $100 everywhere, the number of kids going to college wouldn't increase by much. Once the decision has been made to go, however, the decision whether to enroll in a community college, state university, or private college does appear to be sensitive to price differences, and so the competition for enrollment between public and private institutions during the 1980s can be expected to intensify, revolving around the "tuition gap" that you hear so much about. The difference between public and private prices is a key element for public policy to influence.

Now, Lyman Glenny set me up beautifully in his final comments about the State Scholarship Incentive Grant (SSIG) program, because our book, together with a recent report by the Carnegie Council, has proposed as the major recommendation — and it is really a recommendation aimed at the federal government — a massive increase in the SSIG program to encourage states to increase student aid grants based on financial need. This would be a conscious federal attempt, through incentive and matching grants, to lure the states into adopting the federal approach toward financing higher education which, as you know, since 1972 has been heavily focused on aiding students rather than institutions. We reached this position because, if you try to cope with private college problems at the federal level without a joint federal-state approach, it is simply too expensive to have Washington step in and try to equalize the subsidies that go to students in public and private sectors, given the states' attempt to keep public tuition low. Washington can play a role by increasing the SSIG program, setting it up on an appropriate matching percentage. The Carnegie Council, for example, recommended a 50 percent match for in-state enrollments, and 75 percent federal for students that enroll out-of-state.

One of the purposes of this federal-state approach is to introduce interstate portability of grants, so that the student from North Carolina who wants to enroll in a private or public college in Virginia could take his student aid grant across state lines. That, I know, is a highly controversial recommendation, but one is driven to it in order to enhance student choice and create a national student marketplace. In addition to enlarged student choice, there is also an economic rationale for this proposal. If we have enough institutions nationally to accommodate most of the population that's anticipated for higher education, and yet we have regional imbalances, with parts of the country growing and parts declining, then a failure to encourage greater student mobility will result in excess capacity and college closings in some parts of the country, while in other parts, the states would be buying bricks and mortar and hiring faculty. Rather than continue to view higher education as 50 independent, unrelated state enterprises, we argue that the conditions of the 1980s call for a conceptual shift toward a national view. But this will

require financing policies that lower the price barriers to interstate movement which, in turn, can only happen nationally via a conscious federal strategy.

Issues such as this will be debated over the next year and a half as the executive branch and the Congress debate the reauthorization of student aid programs. The SSIG approach that our book recommends will be very controversial, for it tempts states to shift from supporting institutions in favor of student aid, leaving public institutions with no alternative but to raise tuition. That would have the beneficial effect of narrowing the tuition gap, rationalizing prices and, furthermore, it would mean that those students who do not qualify for need-based aid — those from higher income families — would face a less subsidized set of choices at home in their public campuses. Now, many economists think that money is better spent selectively subsidizing higher education for the poor, and such an argument might have had some political appeal a few years ago. But now that the middle income "crisis" is upon us, this is clearly an argument going against the grain, and seems unlikely to be enacted. Were a shift made from institutional support toward increased need-based aid, it need not mean less money for higher education, as Lyman Glenny suggested, but rather more of it coming from private sources in the form of tuition payments.

I will close with a couple of comments on the federal and state roles. I think it is highly unlikely, with odds at least 10 to one against, that Washington will take an active role in resolving the difficulties facing private higher education. To do so inevitably forces concern with tuition policy, which can't be avoided if the issue is addressed seriously, and Washington has been very reluctant to move into the area of influencing tuition. Although federal policies affect tuition indirectly, they don't do it explicitly, and I think that will remain a big barrier to federal action. The kinds of proposals that we put forth in this book and that the Carnegie Council has advanced will face strong opposition from leaders in the public sector, and from the middle and upper income parents whose children would be denied some of the low-priced higher education opportunities in the public sector. So, there are powerful forces in opposition, nor does the notion of portability seem to excite much interest. Few legislators seem to want to make it possible for students to enroll out of state. For example, I recently talked about our proposals at a meeting sponsored by the Education Commission of the States held in Massachusetts. I had thought of New York as a state that would benefit from this plan because it has a very large higher education sector and the state has invested very heavily in it, and I assumed that more young people would come in than would leave. However, the New York delegation that was present was convinced that the state would lose enrollment to Southeastern and Southwestern states. This "sunbelt" concern is really deep and these legislators were afraid that if students were given portable grants, they would be gone and the Northeast would never see them again. In general, I have not found a state yet that thinks it would be a beneficiary, although, of course, all 50 states cannot lose to the other 49. There seems to be a deep-seated lack of self-confidence in many states because they all view this proposal as a losing one from their point of view.

Assuming that Washington does not play an active role, then the future of the private sector will be resolved through state policies. What you individuals do over the next four or five years will largely determine the shape of that sector of higher education for the next decade or more. Apart from ignoring the issue, your options boil down to various forms of student aid or institutional aid. Time does not permit me to discuss the details of these options. If any of you are interested, chapter seven in the book considers in great detail the forms of state aid and their pros and cons. We strongly endorse the need-based student aid approach as opposed to direct aid to institutions, and you can read the arguments there. The problem with 50 state solutions, each state deciding how to cope with its own problems, is that, in my view, it will increase the parochialism in higher education. As an example of what I mean, Illinois recently introduced a grant program for state residents attending Illinois private colleges. One result was that the enrollment of Illinois residents in Beloit College, just across the border in Wisconsin, suddenly plummeted. The grant program made it too attractive to attend an Illinois college rather than pay the difference and go to Beloit. So Illinois will be educating more state residents, and Wisconsin will be educating fewer. You can sense the growth of tariff barriers around the 50 states, with an even higher percentage of students enrolling in their home states, whether they are best served there or not. That is the likely result of a strictly state approach.

It would be very interesting to pursue within SREB the possibilities of a regional approach to student enrollments, which is probably more realistic than a full-blown national approach. After all, very few people from Nevada come to Alabama for college and vice versa; but, within your 14 states, considerable interstate movement might occur. I know a bit about the SREB Academic Common Market at the graduate level, but gather that you have no programs at the undergraduate level that would lower price barriers to movement across state lines. Improved service to students by widening the college choices available regionally through the SREB framework could be an equitable and sensible way to shape policies for the future of higher education — public and private — in the South. ■

The Bakke Decision and State Legislatures

Robert M. O'Neil*

This is my first chance to talk about the *Bakke* case since the Supreme Court made its decision — or perhaps one should say "decisions" — in late June. Many questions remain unanswered, and the Court has already agreed to review some of these issues at its next term. But we do now have some guidance in defining the permissible role of race in higher education. Within the next two or three months colleges and universities throughout the country must review their current admissions, financial aid and other policies to determine what changes (if any) the *Bakke* decision requires. It will be a busy time for all of us, with little opportunity for reflection on larger issues of constitutional law or policy.

What I have been asked to discuss this afternoon is the role of state legislatures and administrative agencies in the wake of *Bakke*. Most of the current discussion focuses on the response of *institutions* — what colleges and universities may and may not do under the decision. The area that is our topic today is thus likely to be neglected, though I recognize its critical importance for this group and others around the country who provide much of the funding and shape much of the policy by which private as well as public higher education is governed.

Let me begin with a very brief summary of the alignment of the Court on the principal issues. Four justices, speaking through Justice Brennan, found even the Davis program valid under federal law and under the Constitution. I say "even," because the Davis program was a strikingly unusual program. Davis, as I'm sure you all realize, went further in the specific use of race than most other graduate and professional programs. The morning after the trial court decision in the Bakke case, the associate dean in charge of admissions at UCLA was asked how the case would affect him, and his reply without hesitation was "it won't affect us at all because, you see, we've never had a quota." And I suspect other people have reacted somewhat that way to the nature of the Davis program — at first a sense of regret that the major precedent was to be set in such an unusual context; but then later a sense of relief that, having this unusual program before the court first, an opportunity was provided to "tie down" at least one fairly clear end of the spectrum as we seek to develop law for more common and somewhat more familiar programs.

Four other justices, speaking through Justice Stevens, found the Davis program in violation of Title VI of the 1964 Civil Rights Act — the provision which forbids discrimination in any program using federal funds. That left Justice Powell (as has so often been the case on the Burger Court) to cast the deciding vote. He agreed with the Stevens group that the Davis program, because of its separate admissions track for minority students, and its effective exclusion of non-minority applicants from 16 percent of the places in the entering class, was unlawful — although he stressed the Constitution along with Title VI. On the larger issue, though, Justice Powell felt that race could be taken into account under certain conditions, and he therefore disagreed with the California court's total ban on race-conscious policies in higher education.

Two decisions were thus rendered, each by a different five-four majority: one, that the Davis program was unlawful; the other, that a total ban on the use of race was improper. The justices lined up differently on several other issues that lie in the background but need not concern us this afternoon — for example, whether

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Title VI and the equal protection clause mean the same thing, or whether Title VI was intended to give a "private remedy" to an individual applicant.

Two fairly clear poles emerge on the spectrum of possible policies. At the one end, certain practices would have been upheld by both the Brennan group and the Stevens group — for example, the use of *federal* funds earmarked for a special minority program of admissions or financial aid. An institution could properly use such funds for a simple reason: Congress enacted in 1964 the ban on which the Stevens opinion turned, and Congress could make exceptions to this ban at a later time. On this basis, it is likely that the present Court would uphold the so-called "10 percent set-aside" in the Public Works Employment Act, which has been the subject of much litigation, with conflicting results, in the lower federal courts. This is one end of the scale; there may be other programs that would also be acceptable to the whole Court, but this is the clearest example.

At the other end of the spectrum there are policies which would be unlawful even to the Brennan group. A race-conscious preference, for example, which cast a stigma on a minority group, would run afoul of the Brennan opinion. Any program which was not designed to remedy the effects of discrimination against the

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designated group — for example, a preference based on sheer whim or political influence, with no background of exclusion or denial of opportunity — would be invalid. Moreover, a race-conscious remedy must, in the view of the Brennan group, be designed "to remove the disparate racial impact (the institution's) actions might otherwise have." In other words, the Brennan group asks the kind of showing which they found amply present in the Bakke case — that a failure to take such steps would perpetuate the denial of opportunity, the disadvantagement, the exclusion to which the program was addressed. So, in short, there are at least three situations in which a program might well fail to get the vote even of the Brennan group, and presumably would also lose the other members of the court.

This analysis brings us to the heart of the difference between the Brennan and Powell approaches, and helps to explain why two wings of the Court that agreed in principle on the use of race diverged when it came to the specific admissions program. Basically, Justice Powell believed that the University of California had no business using race to remedy discrimination which it had not itself created — even though blacks and Chicanos may well have been denied equal opportunity in the elementary and secondary schools of California. Chinese may have been denied employment and Japanese may have been disadvantaged in business and land ownership. The University, in short, could correct the injustices which it had caused, but could not use race to cure the effects of a general condition of discrimination or exclusion.

Justice Powell did not stop there, however. Despite his misgivings about the use of race in admissions and other policies, he did discuss four possible justifications. First, he rejected out of hand the use of race simply to expand the numbers of minorities in the student body "preferring members of any one group for no reason other than race or ethnic origin," he said, "is discrimination for its own sake." Second, he suggested that a university might be motivated by a desire to "improve the delivery of health care services to communities currently underserved" — but he dismissed this justification because there was no proof in the record beyond a newspaper clipping of its possible relevance to the Davis medical program. Third, he suggested that race might be used to bring about greater "diversity" in the student body for reasons that are central to the life of a college or university — to stimulate a "robust exchange" among students which is essential to higher education. Most of the current discussion turns on the meaning and the scope of the "diversity"element in the Powell opinion, and I will pass quickly over it here since I know it will be treated extensively elsewhere within the coming weeks.

We come then to the fourth justification which Justice Powell offered: "The State," he wrote, "certainly has legitimate and substantial interest in ameliorating, or eliminating where feasible, the disabling effects of identified discrimination." But judgment required to invoke this principle was not one the University itself could make. Not only had the University of California not, in fact, found racial discrimination in its past admissions policies, but, in Justice Powell's view, "it was in no position to do so." The mission of the University, he continued, "is education, not the formulation of any legislative policy or the adjudication of particular claims of illegality." (It is noteworthy that

the regents of the University of California are in fact a constitutional body — one of eleven state universities in the country which enjoys such status. Thus, their inability to make such a judgment would apply with even greater force to the far larger number of public college and university governing boards which are creatures of legislation rather than of the constitution.)

> "The University, in short, could correct the injustices which it has caused, but could not use race to cure the effects of a general condition of discrimination or exclusion."

There is no clear explanation for Justice Powell's belief that the critical judgment must be made by some entity other than the regents or trustees. One who served higher education in this very state of Virginia with such distinction cannot be unaware of the processes by which governing boards work. Perhaps he felt that university trustees have a kind of self interest that is not wholly to be trusted in such matters, or that they are subject to kinds of pressures on the campus from which other agencies are more insulated. Whatever the reason, it is quite clear that the requisite finding of past discrimination must be made by some body outside the university. Let us turn, then, to the possible sources of judgment.

Clearest and most obvious among the decision-makers are the courts. A judicial finding of past racial discrimination would permit race-conscious remedies as readily as in the school desegregation cases — with which Justice Powell is intimately familiar, and which he cited with obvious approval. The higher education systems of some of the states represented here may well be the object of judicial findings which not only permit but may actually require — and here I am thinking of Judge Johnson's recent decree involving Alabama State University — race-conscious remedies. Surely the Supreme Court will not preclude the use of race to remedy a condition which a lower court has held must be corrected — unless, of course, the underlying judgment is reversed. But there is a more interesting question on the judicial side: What of the old decrees, going back to the 1940s and 1950s — some before and others just after *Brown* v. *Board of Education* — finding racial discrimination in certain Southern state universities? The Court did not say much about the *duration* of such a basis for race-conscious policies. Justice Blackmun, in his brief separate opinion, spoke of a "transitional inequality" and expressed the hope that a time would come when race-conscious remedies would no longer be necessary. There is no clear benchmark by which to gauge that time. A strong argument could therefore be made that Justice Powell's opinion has breathed new life into old cases like *Sweatt* v. *Painter* and the Georgia and Alabama cases of the mid 1950s to the extent that a justification beyond the recent dual-system litigation may be needed.

So much for the role of the courts. The role of legislatures and administrative bodies is less clear. What, for example, of the state higher education coordinating board or agency? May it make findings of discrimination which would be acceptable where those of the University's own governing boards would not be? Its business, too, is education, and it does not customarily engage in "adjudication of particular claims of illegality," to use Justice Powell's phrase. Perhaps what he has in mind is state anti-discrimination boards or commissions, which know less about higher education but do have at least a quasi-judicial role and thus might well make such findings about the admission or financial aid policies of a particular college or university. It would now appear that such a judgment, even in an individual grievance, would allow a university to do what the University of California at Davis could not do in the absence of such findings. (Let me raise one major caution at this point: We know how the Brennan group would resolve such a case — since they found the Davis program valid as it was, they would more easily have reached that conclusion after an administrative finding of discrimination. We think Justice Powell would now join them to make a fifth. But we know nothing of the view of the Stevens group, who scrupulously avoided going beyond the facts of the *Bakke* case and the reach

> "...the requisite finding of past discrimination must be made by some body outside the university."

of Title VI. They would presumably allow race-conscious remedies after a *court* had found discrimination — to the same extent as in the public school cases — but how far they would go with the "legislative and administrative" portion of the Powell opinion is unclear. Five votes make a court, to be sure, but it is a margin too close for comfort on questions as portentous as these.)

Finally, we come to the possible role of the legislature. It seems that Justice Powell — and of course the Brennan group — would permit a college or university to use race, for example, to implement a state equal opportunity program in admissions or financial aid. Even if the statute did not in terms declare that the colleges and universities of the state had in the past been guilty of racial discrinimation — a declaration which lawmakers would understandably view with some caution — the enactment and the clear purpose of the program might meet the Powell test. On the other hand,

two federal laws which were cited in this context — one dealing with voting rights and the other with special bilingual education — are somewhat more explicit in finding past discrimination than is the preamble of the typical equal opportunity scholarship law. Thus the issue is a difficult and sensitive one: To say too little now runs the risk that the program will be held legally inadequate under the Powell test; on the other hand, to say enough to invoke that test with certainty risks admitting a culpability which legislators and university officials are loath to admit solely for the purpose of expanding opportunity. Moreover, some such programs now extend to groups that could not really be said to have been discriminated against in the past by college admissions or financial aid policies. The framing of state legislation in this area thus becomes a delicate and demanding task, and there will probably be many more cases defining the limits on use of race under state laws and agency rulings. I wish I could be more helpful in offering counsel at this point. To venture further at this early stage would, however, be hazardous. ■

Health Manpower:
Supply and Distribution

Frank A. Sloan*

During this country's recent history, the major emphasis in physician manpower policy has been on a perceived shortage of physicians in the aggregate. This perception has been the basis for state and national health programs. With the Health Professions Educational Assistance Act of 1976 (P.L. 94-484), the federal government declared that this situation has changed. This federal Act maintains that there is no longer a shortage of physicians and surgeons in the United States. Instead, the federal position is that there are inadequate numbers of physician personnel in certain geographic areas, and that physician specialization has resulted in inadequate numbers of primary care physicians, such as general family practitioners, general internists, and general pediatricians.

The notion of a "shortage" is an elusive concept at best. Economists, among others, have attempted to give the term a technical meaning, but no single satisfactory definition has emerged. No matter what we academics and government officials, charged with implementing legislative mandates, come up with, ultimately shortage is a political rather than a technical concept. To me, the federal government's position means that political pressures for building new medical schools on a national basis are now sufficiently offset by arguments on the other side.

In talking to federal people off the record, I think there's a notion nationally that if they don't push the distribution issue, their programs will really come to an end. Hence, some of the political pressures on distribution, at least from the executive branch, relate to the fact that aggregate physician supply increases won't sell anymore. We've had such big increases — the projections are of very massive increases — and, in fact, policymakers are talking about over-doctoring, unnecessary surgery, and physicians creating their own demand. A physician can locate in any area he wants and generate enough business not only to survive, but to survive as handsomely as anyone else can in this society. So, medical education has become a ticket to success, and for that reason there are three people looking for that ticket for every one who eventually possesses it.

The figure of 10 percent Gross National Product going to medical and health care expenditures is cited. We're not quite at 10 percent but we're dangerously close. I don't think 10 percent is a magic number, but it is a very high percentage, and higher than we find in all other industrialized nations. So if it is true that physicians can "create" their own practices, and we're creating a lot of them, then we're creating something that would appear to be quite negative, even though at one time we flipped the other half of the coin and said that we don't have enough of them and we need to have more of them.

Even with the unprecedented increases in physican supply today we face the difficult issues of distribution and a shortage of primary care personnel — that is, a shortage of general internists, general pediatricians, and general family physicians.

So the issue facing state legislatures and Congress is: How can public policy be oriented to achieve a better balance of physicians, both geographically and by specialty? Certainly, these are related problems. Board-certified neurosurgeons are not likely to locate in rural areas where, in general, such practices cannot be supported.

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For purposes of analyzing alternative options, it is useful to divide the physician's career into three stages: undergraduate medical education; graduate medical education; and the practicing physician. Before I turn to public policies specifically designed to rectify imbalances in distribution, I want to stress the important role that health insurance, both private and public, plays in the distribution picture.

Governments' principal chance to influence how and what medicine is practiced is the third party reimbursement system. As of 1976, 69 percent of all physician revenues came from third party sources (Gibson and Mueller, 1977) and almost half of this from government sources. Third party coverage as a percentage of United States expenditures of hospital care is much higher. Although state government has no control over Medicare, it is responsible, within federal guidelines, for developing and operating a Medicaid program. Almost all states have exercised the federal option to adopt a Medicaid program, and the diversity of state Medicaid programs testifies to states' independence in this regard. Medicaid is potentially an important instrument because underserved areas are also characterized by large numbers of impoverished families. The nature of the Medicaid program may have a role in who (which physician) settles where, serves which patients, and performs what procedures.

Third party reimbursement has favored non-primary care specialities, e.g., surgery, over the primary care fields. Physicians can earn more per minute by cutting, stitching, and testing than by diagnosing and discussing with patients and peers. Although there is some debate about the degree to which earnings affect geographic and specialty choices of physicians, there can be no doubt that current reimbursement policies and health manpower policies are contradictory. We want primary care physicians to locate in "underserved" areas and be responsible for the "whole" patient. But except for special financing programs, primary care and underserved areas do not receive priority in private, federal, or state funding financing programs. In fact, they are frequently placed at a disadvantage.

Reimbursement is a powerful instrument because, unlike options directed only at medical education, reimbursement affects all providers on a daily and continuing basis. A payment system that increases financial rewards of primary care and/or care in underserved areas may give a powerful incentive, not only to physicians in training, but also those in practice. Further, such changes in reimbursement would make financing graduate training in primary care less difficult. The imbalance in reimbursement seems to have put special hardships on primary care versus non-primary care residency programs for this reason. Relatively generous reimbursement for non-primary care procedures may well have created an incentive for physicians with training as residents in primary care fields to emphasize provision of non-primary services subsequent to training.

Several studies provide evidence on this last point. For example Wechsler, *et al.* (1978) recently conducted a mail questionnaire of physicians who had been residents in internal medicine, pediatrics, and obstetrics-gynecology in Massachusetts during 1967-72. The authors found, given the practice patterns of these young

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physicians, it would take over three internists produced by Massachusetts residency programs to produce a full-time-equivalent primary care physician. Pediatrics and obstetrics-gynecology programs had slightly higher yields in terms of full-time primary care equivalents. Wechsler, *et al.*, concluded that although Massachusetts as a whole is meeting federal requirements concerning the proportion of residency positions in primary care, which is also true of the U.S. as a whole, the incremental yield to the stock of primary care physicians, gauged in full-time-equivalencies, is not particularly great. Presumably, one reason for the subsequent lack of emphasis on primary care is the reimbursement system.

Except for adjusting services covered under Medicaid (which states are limited in doing by federal statute) and improving fee schedules for "primary care" procedures *relative* to those for "non-primary care" procedures, states' action in the area of reimbursement reform is probably limited to various forms of lobbying. I am convinced that various deficiencies in our third party reimbursement system are causes of many of the problems our nation is currently experiencing with health care service delivery. Reforms in reimbursement are basic to meaningful change.

Now, turning to public policies more directly targeted at distribution, I see at least four distinct types of questions and related policies aimed at the undergraduate level:

First, how many slots in public and private medical schools should be supported by the state and where should they be located?

Second, with regard to admissions policy, how much preference should be given to in-state students (a) because they are more likely to be retained by the state and (b) because in-state students and their parents demand the opportunity to enter one of the most prestigious and highly-paid professions? Should minorities be given preference since, holding other factors constant, they are more likely to settle in inner cities of major metropolitan areas? What about persons with rural backgrounds because of their propensities (at least in relative terms) to settle in these locations?

Third, related to curriculum, can courses and/or preceptorships be effective in encouraging students to consider certain fields and locations? Included in this category are courses stressing human and humane as opposed to purely technological values in medicine. Such courses are currently being developed, some of them in the South.

Fourth, can financing through loans and scholarships substantially change specialty and location choices? There's not much difference if scholarships have pay back provisions if the person does not subsequently choose a certain type of specialty and/or location and if loans have forgiveness provisions. To be effective, loans and scholarships need "strings" and have to be large. Failure of loans and scholarships in the past to accomplish their objectives has been due in large part to placing too much emphasis on unrestricted monies and loan-scholarship programs that are too stingy. A debt of $10,000 may not mean much to a doctor earning an annual income of $70,000 to $100,000. Financing has a role to play in affecting the applicant pool and its mix, i.e., stimulating applicants from minorities and low income households.

Another financing option which to my mind can have at least as many disadvantages as advantages is capitation grants to medical schools. Without strings, capitation grants simply provide schools with a license to do whatever they wish. Tied grants are more desirable. But even these have major disadvantages. For example, tying grants to students' subsequent specialty and/or location choices seems impractical. Although the undergraduate medical education process may have some influence over subsequent choices of specialty and location, this influence is indirect. The time interval between medical school and entry into practice is rather long; it seems unfair to hold the school responsible for students' subsequent actions. More practical, is to tie capitation payments to a minimum proportion of the class entering certain types of residency programs, but then one has trouble deciding what to do with subsequent switches from primary care to non-primary care programs. More flexible, is to tie capitation grants to the school's offering a certain percentage of slots and residency programs in primary care fields. But now I'm getting ahead of myself.

Although this may seem Byzantine to some, if states are going to get a "bang" out of their undergraduate medical education programs in terms of retaining a high proportion of their graduates in state, they will have to pay even more attention than previously to the kind of student who gets admitted. There is a need to identify the kinds of physicians that the state has retained and, given retention, the characteristics of physicians who locate in areas of greatest need. Educators often fight such policies because they seem parochial, discriminatory,and give them a less "interesting" student body. But a policy that produces physicians with comparatively little interest in patient care and in serving medically-disadvantaged populations living in the state that has subsidized their education is discriminatory as well. My research, and that of others, suggests that previous contact with an area is, in fact, closely associated with subsequent location.

Options at the undergraduate level also exist at the graduate medical education level in somewhat altered form.

"To be effective, loans and scholarships need 'strings' and have to be large."

First, with regard to slots, with the Health Professions Educational Assistance (HPEA) Act of 1976, the federal government has become strongly committed to a policy of encouraging slots in primary care programs. A dramatic shift from non-primary to primary care slots has already occurred during the 1970s. In part, primary care is more fashionable. Perhaps, also, efforts on the part of some states in financing primary care residencies, as well as the HPEA itself, may account for this shift.

However, beyond concentrating on the proportion of primary care versus non-primary care residency positions, there is an issue of whether there are sufficient numbers of residency positions in some states. Research by Yett and Sloan (1974) and earlier by Weiskotten, *et al.* (1960) suggests that the probability that a person (1) born in the state, (2) who went to

medical school in the state, but (3) had his/her residency elsewhere locates in the state is much less than if he/she also did his/her internship and residency in the state. In some states, medical school graduates are forced out for a lack of in-state places. There may be good reason for some states to subsidize residency programs, irrespective of field, in areas where they do not come about without such support. To be more specific, one study showed that a person who had been born in the state, gone to medical school in the state, went to internship in the state and did his residency in the state, had, on the average, an 86 percent chance of staying in that state. If the person just did a residency in the state, the probability was 14 percent; and if he/she only went to medical school in the state, the probability was certainly not higher than 14 percent.

> "If graduates are forced out because there are insufficient opportunities for residency training, they may...be lost to the state."

Second, there is little that states can do directly about the type of student admitted to graduate medical education programs, but they may have an indirect influence through loans and supplemental stipends to residents with certain characteristics.

Third, on curriculum, residency programs can give residents contact with rural and/or inner city populations. Contact with inner city patients, given the location of many medical centers, should often occur automatically.

Fourth, on financing, residents, on average, have more adequate financial support and also are closer to the time they will enter practice. Financial support options, not possible at the undergraduate level, include (stipend) bonuses for taking residencies in certain fields and payment of residents on a fee-for-service basis. The latter is somewhat revolutionary and is impossible for states to implement by themselves, but the option has possibilities if implemented nationally. If there were a payment on a fee-for-service basis, one could build an incentive to enter certain fields by manipulating fee schedules. In any event, a high proportion of residents are now being paid on a fee-for-service basis as moonlighters (Sloan, 1973).

Among the options at the graduate medical education level, my emphasis is on assuring an adequate number of places in residency programs in the state and possibly underserved areas within the state. If graduates are forced out because there are insufficient opportunities for residency training, they may develop contacts as residents elsewhere, both professional and personal, and be lost to the state.

Finally, aside from the points I made about third party reimbursement, there are also policy options aimed directly at the practicing physician. First, Area Health Education Centers (AHECs) can potentially combat professional isolation in rural areas; AHECs include residency programs with emphasis on primary care, clinical instruction for undergraduates, and continuing medical education. I emphasize this as an option for the third stage in the medical student-physician's life cycle because one of the main objectives of AHECs is to combat professional isolation in areas distant from medical centers.

Second, there is the option of direct grants or subsidies to physicians establishing practices in underserved areas. This option bypasses the medical education system entirely, but deals directly with geographic maldistribution. The Health Professional Assistance Act establishes grants for former National Health Service Corps members to set up private practices in shortage areas. These subsidies affect the present value of lifetime earnings among alternative practice choices, but this policy faces the physician at a time when he/she has many more financial opportunities than as a medical student. Moreover, there is a problem deciding who to subsidize. To conserve public funds, one would like to make award to the physician who would have settled somewhere else without the subsidy, but only rarely, if ever, is one able to discriminate on this basis. Before dismissing the idea completely, it should be said that Ontario seems to have had success with such a program in placing physicians in rural underserved areas (Copeman, 1973). A British program, however, appears to have yielded far less encouraging results (Butler and Knight, 1974).

> "...if states are going to get a 'bang' out of their undergraduate medical programs...they will have to pay even more attention...to the kind of student who gets admitted."

A third option directed at the practicing physician would be mandatory service requirements as a condition for licensure. Not only would it be impossible for a single state or a group of states to implement such a policy, but this form of compulsion would seem to be against the way we Americans accomplish our objectives.

I have listed a number of alternatives open to policymakers concerned with the distribution of physicians, both geographically and by specialty. There are others, and combinations of the above could be discussed at length. Throughout, I have used the concept "underserved" as if it had a technical meaning. Although areas are designated as underserved, as a matter of official policy, designation is an art, certainly not a science. Not only do we need to know more about which policies are likely to be cost-effective in terms of location-specialty choices, but we also need to do a lot more thinking about the criteria to be used in designating underserved areas. Inevitably, this is to a large extent a political question. But the political process would be much better informed if there were better information about how medical care delivery differs according to variations in physician availability. ■

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Supply: Changing the Focus to Health Care Delivery

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In the American South the topic of health manpower distribution usually has relevance to two separate, but closely related, issues—the lack of access to health care services in rural areas, and the need for additional medical manpower in the primary care practice specialties.

Discussions of strategies for affecting the distribution of medical manpower remind me of what it's like to apply chocolate frosting to a layer cake. We usually have a limited amount of frosting to apply and a clearly defined area to cover. But important decisions have to be made as to the thickness of application at certain points. For example, whether to apply an equal amount between each layer as we have saved for the top; whether to ice the sides as thickly as elsewhere. When frosting a cake we can play around with the available resources and options to some extent by smoothing out a particularly rich section of frosting in order to have extra frosting for some other area not so well endowed.

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Many people seem to talk about efforts to change the distribution of health manpower as if it were that easy — just spread them around in an effort to get a somewhat more even distribution. All we have to do is find the right combination of incentives.

Others, being somewhat more skeptical, would see the problem as more akin to pouring maple syrup into a pie pan that was slightly tilted, with the effect that most of the syrup — no matter where it lands initially — eventually runs to one side of the pan, leaving only a thin, sticky residue in other areas.

Whichever of these simple analogies corresponds to your own view, it is important that we recognize that efforts to change the way health manpower is distributed geographically and among the practicing disciplines are not ends in themselves. The real problem is to produce a system of health care delivery that guarantees access to high quality health services whenever the need for such services arises.

Therefore, it is a mistake, I believe, for us to limit our inquiry to the question of how to change the distribution of physician manpower. We are interested in health care services and programs, not physicians per se. Though we recognize the importance of physicians to this more general goal, focusing all of our attention to this one element often obscures the real purpose of our inquiry.

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In most of our minds, the problem is one of creating the conditions that will foster the development of programs for the delivery of *primary* health care services that are accessible to all (or nearly all) of the residents of our respective states. Most of the pressures we face at the present time in the health policy arena related to the *delivery* of services are concerned with the provision of primary health care. Pressures with regard to the *financing* or *cost* of health care are more directly related to services provided in hospitals, nursing homes, and other secondary and tertiary institutions. Except for the demand for some kind of cap on health care costs, the clearest articulation of a national health care policy in the years since the enactment of Medicare and Medicaid is the identification of *primary care* as the problem of highest priority in two major pieces of federal health legislation: P.L. 93-641 (the National Health Planning and Resource Development Act of 1974) and P.L. 94-484 (the Health Professions Educational Assistance Act of 1976).

Despite the fact that the latter of these two pieces of landmark legislation gives predominant emphasis to the effort to change the specialty distribution among primary and other disciplines, it is a serious error to assume that by producing more physicians, or by slightly altering the way in which these practitioners are distributed geographically, we have somehow dealt with the problem of providing adequate primary health care services to those without such services.

It is an unfortunate characteristic of most public policy approaches to problems in the health field that we often concentrate on physicians and services provided by physicians to the extent that the goals we hope to accomplish often are overlooked. Dr. Howard Bost, an economist and assistant vice president of the University of Kentucky Medical Center, pointed out some time ago the fallacy of attempting to develop the financial base for programs of primary care by focusing on the services provided by physicians. In a paper prepared for a special conference on rural primary health care sponsored by the Appalachian Regional Commission in 1974, Bost had this to say:

> In view of increased involvement of allied health professionals in primary care and the need for effective organization and appropriate staffing for a system of primary care in which various levels and types of competencies are assembled and used appropriately, payment for physician visits is not, I submit, an adequate way to finance primary care because it is too narrow to provide the financial base on which the expansion and improvement of primary care can be built and maintained. It seriously constricts the development of primary care with the consequence being that primary care cannot move ahead to fulfill the role so important and neglected in the health care system. Why is payment for physician service too narrow? Can you imagine encapsulating the financing for hospital care in the payment for physician service? Could this provide the necessary financial base for developing and sustaining the support system of allied health personnel for inpatient care? Would it be possible to organize effectively? I think not.

Thus, it is my intention to approach the topic of health resource distribution from the perspective of the kinds of *programs* needed to meet community health care needs, not from the perspective of attempting to achieve some kind of numerical balance in the distribution of a particular kind of personnel.

I have been asked to describe specific examples of programs or approaches now opperating that hold promise for being successful as attempts to deal with the health manpower distribution problem. Before doing what I have been asked to do, I'd like to point out that rural communities, no matter how isolated or remote, are rarely *un-served*. Several studies of health care often discover several hundred different providers of health care being used on a regular basis by residents of these communities.

On the other hand, rural communities are often *under-served*. In fact, access to care and/or patterns of health services are such that we now know that rural residents are actually *subsidizing* the health care of urban residents when they participate as beneficiaries in community-rated, third-party insurance schemes such as Medicare. Under Medicare-Part B (which covers physician services), rural and urban enrollees pay the same premium and have an equal contribution made in their behalf by the federal government. Rural residents fail to recover their "fair share" of the reimbursement dollars per capita they have paid into the Medicare-Part B program. This relationship holds among states with different concentrations of rural residents and among counties within single states when rural and urban counties are compared. I might add that data on private health insurance are hard to get for the purpose of conducting an analysis of this sort, but we have reason to believe that a similar pattern would be found. Such a situation constitutes an argument for increasing programmatic attention to the health care needs of rural people. *Not only are there fewer health care resources* available and accessible to rural communities, but residents of these communities are *paying* for services they never receive.

Getting to the task assigned me, it is important to specify the criteria by which one could judge a program as being "successful" or workable.

The first criterion, of course, is criterion of access to primary health care services. This is a jargon term from the medical care field which I'm certain all of you have now become fully accustomed to using as part of your everyday legislative work in the health field. The term does have a specialized meaning which I will not deal with here. It is sufficient to point out that use of this term as a criterion of program success usually implies that the program offers (or makes available) a range of services that are considered appropriate to primary care; that the potential clients of the program know how these services are available; that these services are provided in an equitable fashion to everyone; that they are acceptable to clients of the program; and that the levels of utilization and penetration of the service population indicate that the program is a significant component of the health care delivery system in the view of those for whom it was developed. And you know how many times programs have been developed that aren't used and have to be folded down.

The second major criterion is the criterion of program stablity/permanance. The decision to invest in any particular approach to health care delivery will rest upon the reasonable assumption that the program will not be "here today and gone tomorrow." In developing primary care programs in communities that have no other source of medical care, we are interested in finding out about the possibility of manpower retention; financial stability (including the necessity of filling some kind of financial gap with a continuing subsidy of some sort — and there are programs in some communities that can never be self-sustaining but they are cost effective); and the degree to which potential clients recognize the program as a permanent fixture ..... one they can depend on to be there when they need it..

Finally, the third major criterion of importance is the notion of program impact. I am especially interested in including this criterion in my own list because I think that most of you would include it in yours as well. But if most of us were asked to fund the *evaluation* of any of these programs we would most likely exclude an evaluation on this criterion from the proposed evaluation design because of our belief that such an evaluation cannot be done. I think this is something that badly needs attention and I am pleased to note that my colleagues and I at Chapel Hill have begun just this past week, with a grant from Robert Wood Johnson Foundation and the cooperation of the Office of the Secretary of the U.S. Department of Health, Education, and Welfare (which will invest approximately $1 million in the effort) to try to measure all three aspects of what we think will be a comprehensive evaluation of rural primary health care program models developed under public and private auspices in the United States. With specific regard to "impact" assessments, we are interested in the health outcomes of such programs and the degree of patient satisfaction that result from the operation of these programs in the communities they serve.

Let me talk about some programs that have been developed in the rural areas which I think represent strategic models for meeting the primary health care needs of rural citizens. There are basically, in our view, five different kinds of strategies for meeting primary rural health care needs that have been developed in the

last several years. We know something about most of these strategies but I must say to you that the evidence isn't plentiful by which to evaluate these programs against one another; however, I'll try to do the best I can. Let me describe these strategies to you one by one.

First of all, there is a strategy that is getting a lot of attention by a lot of people, particularly in the South right now. One of the main models is funded by the Robert Wood Johnson Foundation, and this is called the Rural Practice Project. We refer to this model as the *Clinical or Administrative Professional Leadership Model*.

These programs are characterized by an emphasis on professional leadership, sophisticated administration and staff development with an extensive amount of technical assistance during the developmental period and the first few years of operation, institutionalization of the practice within the community, and the formulation of health achievement objectives in the population being served. These projects, of which approximately 14 are planned, require extensive front-end financial subvention and are intended to serve as models, even though the process through which these projects were developed would not be easily replicable or affordable. I think we can learn a lot from these models, and I'll comment more on them in a minute. Some of you from South Carolina may know about the Pakolet Health Care Center, and that particular model is a very complex health care program, but it was designed around the specific health care needs of that community, and it has a heavy concentration of both professional and administrative leadership in it.

Now another model, the second in this list, is a model which is referred to as a *Community Targeted Health/Social Program Model*. This model is exemplified best by what we have come to know as neighborhood health centers or family health centers primarily developed under the auspices and funding of HEW, and there are 37 of these programs located in rural populations in the U.S.

These programs are characterized by comprehensive program development of relatively large scale together with substantial community development.

You'll remember from the Sixties when we were very interested in the development of these that these programs became almost employment programs rather than health programs. There are a lot of community controlled discussions and involvement of community residents in the decision-making of these, and there is a lot of emphasis on non-clinical services to support and extend the impact of basic medical services.

A third model is what we call just a *Manpower Placement Model*, which is the most simple of the five models I'd like to describe.

Here the objective is that of putting some medical and allied manpower into place with little or no emphasis on health program elements, administration, institutionalization, linkages, and little or no technical assistance. The primary example is the National Health Service Corps. Others are the physician recruitment programs of certain states, with or without a scholarship forgiveness element.

The next model is the *Institutional Extended Program Model*. These are services for rural populations developed by existing institutions, such as hospitals, health departments, group practices, etc. Those of you, for example, in North Carolina know that a lot of attention is being given now to extended primary care programs from our local health departments, and our local private practitioners have mixed opinions about this. The leading examples of this approach are the W. K. Kellogg Foundation Innovative Ambulatory Primary Care Award Program and certain projects developed under federal auspices through the Health Underserved Rural Area (HURA) program. Included here would be some rural satellite clinics developed by established group practices or hospitals and local health departments.

> "...it is a serious error to assume that by producing more physicians...we have somehow dealt with the problem...."

And, finally, the *Community Health Initiative Model*. These programs result from community initiative with or without financial assistance (governmental or foundation), sometimes starting with on-site physicians and/or new health practitioners. There are examples in individual communities across the nation. The North Carolina Office of Rural Health Services has helped to foster the development of 19 such programs in my own state. Some of you may have seen the brochure from the Council of State Governments which describes that program in some detail.

Among these five general approaches/strategies for dealing with the primary health care needs of rural communities are several important and distinctive characteristics which need to be evaluated in terms of their influence on the access, stability, and impact criteria of program success. First of all, these models differ in terms of the relative importance attributed to professional vs. community leadership and control in health program development. The Rural Practice Project approach (Model 1) gives greatest emphasis to the professional leadership idea. In fact, the community is

really not very much involved at all. We're interested in picking a group of physicians we think are really hot-shot physicians, and pairing them up with a group of administrators we think are really sophisticated, and then finding a community for these people to do their thing. The Community Health Initiative Model (Model 5) is a very different approach.

Quite honestly we don't have adequate data at the present time to determine which of these aproaches is most likely to produce a stable and effective primary care delivery program in a rural community. We do have "success stories" for each, and this leads us to conclude that local situations in particular communities may be so different as to make generalizations impossible. There needs to be a fit, however, we believe, between the community and the style or nature of the program developed.

Secondly, there are wide differences in the amounts of front-end technical assistance and subvention required to develop these programs. The Manpower Placement Model requires the least technical assistance, and its response to the problem is the most basic, for it aims simply at placing a health professional in a given location. In fact, in some of those cases, no questions are even asked about what the community needs. A community may happen to have a physician-to-population ratio less than another one, so what we do is to correct that problem — we don't worry about what other problems we may create by putting a physician or a dentist there.

Primary care programs which evolve from existing delivery systems, such as hospitals and health departments, seem to require somewhat less technical assistance to get started. In general, however, having a source (or sources) of technical advice and assistance can expedite the process of getting such programs off the ground, especially when developed under the auspices of a community organization without expertise in the health field.

The third major distinction among these models relates to the comprehensiveness of the program being developed. And if I were a state legislator, I would wonder whether it makes any difference — whether the program is anything other than a turnstile medical care practice or it really comprehensively tries to deal with health care problems in a community. The Manpower Placement Model (Model 3) is the most elementary in this regard. Other models start with some concept of the health care needs of a population and move to fashion a program around these needs. We are all familiar with the fragmentation which characterizes the human services in general. Many of these models directly address this problem through explicit efforts to integrate primary care services with other kinds of services in order to make the full range of these available to clients under a single roof. It is a question of great importance to ask whether a more comprehensive approach to primary care delivery in fact is worth the additional cost and effort.

When we ask about the workability or success of a given strategy for providing health care services to rural communities, we become aware of the fact that the criteria of access to care, program stability and health impact are not mutually exclusive. When the scope of services available is perceived to be limited or inadequate, levels of utilization will drop below the level necessary to sustain an ongoing clinical program. When the personnel associated with a given program are on temporary assignment and without visible roots in and commitment to the community, patient loyalty to the program will be correspondingly reduced. When a rural health clinic adopts a posture of providing only those services requested by patients who enter the clinic's front door in "turnstile" fashion, important health problems (e.g., adolescent drug use, hypertension, infant mortality and morbidity) may go unattended.

This is not the time nor the place to argue the merits of narrow vs. broad scope of program, client vs. professional control, or the necessity of ongoing financial supports for rural primary care programs. In fact, the data by which to support such arguments are not especially plentiful at present and only now are being collected.

The main point of what I have to say is very simple. That is, a focus on manpower supply alone is an inadequate/partial solution to a much more complex problem. Higher education policy, I think you'll gather from my remarks, alone cannot solve this problem. One can deal with this problem by assigning manpower to fill the gaps that appear in one community or another (as we will be able to do with the rapid increase in available manpower for assignment under the auspices of the National Health Service Corps). One can mandate that a certain service package will be offered in all public-supported clinical programs, as we are seeing under the federal Rural Health Initiative Program. What is more difficult is to insure that the development of a configuration of health program elements takes shape that will meet the full range of primary care needs of a community and, at the same time, insure the continuity and stability of those services in the community over time.

It would be my hope that future program development and policy decisions regarding health care for underserved areas (mainly rural areas) would start from a concept of the kind of health services package that is minimally necessary to meet the community's needs, rather than from a goal of placing a physician in every community currently without one. ■

Capitol and Campus:
A View of Higher Education by a President Turned Legislator

Robert R. Martin*

President Sherman and I have been given an interesting and somewhat intriguing assignment. I find it incumbent, however, to deal in some detail with my background in education and my more recent involvement in politics as a member of the Kentucky senate, and in some of the peculiarities of our state as they involve both education and the general assembly.

In 1935, as a college graduate, I began a teaching career in one of our rich agricultural counties at the magnificent salary of $80.60 per month. Very soon thereafter, however, an event occurred that made a deep impression — an old school teacher came to the community visiting long-time friends made while he had taught in the community; he was asking for enough assistance to help him meet his expenses at age 80 as a retired teacher without retirement benefits.

Nothing of any great significance really occurred in public education in Kentucky after that time (except for the adoption of a weak retirement law in 1940) until our so-called teacher revolt in 1950. This uprising of teachers led to the adoption of a constitutional amendment in 1953 and adoption of a Foundation Program Law for Public Education in 1954.

I was elected superintendent of public instruction in 1955. In 1956, the Foundation Program Law was financed, but only at the level we had developed in 1952. So you can see we started four years late. (Someone aptly said that money isn't everything but it is far ahead of whatever is in second place.) In 1960, with a new governor dedicated to education, the tax base was broadened by the adoption of a retail sales tax and, for the first time, public elementary, secondary, and higher education were more adequately financed. I am pleased that I was privileged to serve as state commissioner of finance and to supervise the development of the executive budget in 1960.

On July 1, 1960, I became president of a regional state college which had an enrollment of 2,900 and a plant valued at $7 million. I was to begin what was to be the most challenging and rewarding sixteen years of my life as we developed this institution into a strong, innovative regional state university. When I retired from Eastern Kentucky State University in 1976, we had an enrollment of 13,500, a plant valued at $125 million, an adequate and broadly educated faculty, and a broad innovative curriculum, making it a unique regional institution. We did not try to make it a Harvard or a land-grant institution because that certainly was not the purpose for which the institution was founded, nor would that have been possible or desirable.

Now let's look at our General Assembly and its powers under our state constitution. Most states attempted to provide for three fairly equal branches of government. In Kentucky in 1892, the framers of our constitution provided for not more that 2½ branches. It provided for an exceedingly strong executive branch, a weaker judicial branch — but that has been corrected by adoption of a judicial amendment so that in most ways it is equal with the executive — and a very weak legislative branch restricted to biennial meetings of 60 days with provision for special sessions called by the governor and restricted to the topics listed in the governor's call.

Several efforts have been made to change the legislative article of the constitution, but these efforts have been rejected by a vote of the people. Some

**Robert R. Martin is serving his first term in the Kentucky Senate after retiring in 1976 as president of Eastern Kentucky State University.*

improvement has come about as a result of the work of interim committees which meet during the time the legislature is not in session. But still, it is fairly well-known and recognized that this legislature is dominated by the governor and, generally speaking, only those measures are enacted into law which have his open support, or at least do not have his opposition. The absurdity of the situation can be brought out by the fact that there were some 1,300 bills introduced in the last session of the legislature and some 400 of them became law. The governor found it necessary to veto only five measures, and most of these were of no particular significance.

Now let me make some comments based on the preceding information concerning my perception of the legislature and its effect on the state financing of higher education. Since I have been involved in the development of the executive budget of the Commonwealth as state commissioner of finance, and since I had seen that budget enacted without a dissenting vote by both houses of the General Assembly, I, frankly, realized that the important element in state financing of higher education was the preparation of the executive budget by the governor and his staff.

Robert R. Martin

From 1954 to 1970, the five regional institutions then existing in the state were essentially told how much additional money would be available for the financing of these five institutions, and we were asked to meet with the staff of the department of finance and reach a consensus of the distribution of it. Never at any time was the financing higher than about 80 percent of what was requested and needed under a formula which we had developed. After several hours of discussion, the presidents and their financial advisers reached a consensus concerning the distribution of the money. Really, with only about 80 percent of what we requested, no wide latitude was left to institutions to use the amount appropriated. Good administration in this situation was a matter of allocating the money to meet obvious needs within the institution.

During these years, I am convinced that the legislature was not greatly involved in higher education matters, except that there developed a feeling in the legislature that competition was causing the cost of higher education to increase unduly, and that each institution was going its own way without central direction.

In 1934, the state of Kentucky developed the very first coordinating council for higher education in this country. This council, made up of the presidents of the institutions and representatives from the governing boards of the institutions, existed pretty much intact until 1966. It brought about coordination — limited coordination — through consensus and agreement between the institutions and was, in my opinion, an effective organization.

In 1966, along with granting of university status to the regional institutions, the membership of the council on public higher education was changed so that the governor appointed nine citizen members not connected with any institution, the superintendent of public instruction was named an *ex-officio* member, and the university presidents were *ex-officio* members without voting privilege. Nothing radical happened under this new arrangement until 1972, when substantial financial increases were made to the council and new activity was expected of it.

As is generally the case in Kentucky, this new direction came by action of the governor. In the last year of the old council (1971-72), the appropriation for administration was $119,000 and total appropriation was $332,340. This current year the appropriation for administration for the council is $1,374,100 and the total appropriation is $8,372,800. This total amount includes amounts for several programs, which raises a new question for the legislature — whether it wants to appropriate money to a council for appropriation to the universities or whether it wants to determine the appropriations to the universities.

Let me make it abundantly clear that as a university president and as a state senator, I am committed to the concept of central coordination of our eight universities. Our council on higher education, however, is handicapped by our constitution. As now interpreted, no state official can serve more than four years, except for certain judicial officers. This means that each governor names all of the appointive members during his term of office. This provision certainly does not lead to the kind of independence that is clearly needed by a council whose function is the extremely important one

of coordinating higher education. It was to be expected that, under this circumstance, some would charge that the council is the handmaiden of the governor's office.

There is also the great danger, faced by every coordinating council, that the line of demarcation is not carefully drawn between coordination and control. It is always so much easier for the staff of a council to carry out its functions through control rather than through the more difficult method of leadership. While I favor a strong coordinating council, the essential governance of an institution must be left to an independent, autonomous board, restricted only in the matter of coordination by the central council.

Now, as a legislator, I must be frank to admit that my viewpoint has been widened. I find that, as a member of the legislature, what we can accomplish in the matter of financing of higher education and legislative involvement in higher education matters is definitely limited. The governor brought us a budget of $7.5 billion for the biennium. we raised certain questions about it. We got a change of approximately one percent in that budget, almost entirely by the addition of $75 million, but even those suggestions finally came back from the governor and his staff. The role and independence of the legislature must be increased not only in this area, but in all areas of state government. I now find it incumbent upon me to give more attention to all needs of the state, whereas in the past I had felt the obligation to represent education alone, leaving to others the presentation of other needs.

> "...nothing annoys me quite as much as the suggestions that we raise tuition and then agree to help the ones who are hurt by the increase. The latter rarely happens."

As a candidate for the state senate in a comparatively conservative district, I talked with hundreds of people; I heard them say loud and clear that they were tired of big government and disturbed by high taxes required to support big government, and annoyed beyond words at the increasing number of regulations and restrictions affecting their businesses and personal lives. The approval of Proposition 13 came as no surprise. While we have, I believe, a balanced, broad tax base in Kentucky, I cannot truthfully stand before you and say there is not considerable money wasted — by dupiication, by politics, by inefficiency and, many times, by an excessive number of employees.

The real problem facing all of us in the immediate future is how to eliminate waste in government, and apply these savings toward the necessary cost of government; and make it possible for there to be reasonable reductions in taxes. If we fail to do this, then we are faced with the "meat ax" approach of a Proposition 13.

In a period of no growth or limited growth in higher education, it is important that we maintain the lowest possible level of tuition at both the public and private institutions. The low tuition principle is an "Eleventh Commandment" to me; and nothing annoys me quite as much as the suggestion that we raise tuition and then agree to help the ones who are hurt by the increase. The latter rarely happens. Low tuition is the best form of student aid that has been devised. Low tuition will help keep all institutions open and available to students.

We must as a legislature be sure that we leave authority with independent autonomous boards in our institutions in a wide enough degree to develop innovative programs, so they can save money to be used in developing other programs rather that having it taken away by a central board or by the legislature. The thing that concerns me most about central councils is the fact that they are capable of laying a dead hand on higher education and killing innovation. I will change my attitude about this if I am ever shown any innovative work done by a council or any effective use of incentives made by councils.

Much of what I have said might be interpreted as negative. I have not intended it to be that way but I felt I should raise some of these questions.

Nothing has occurred in my lifetime to in any way diminish my faith in the importance of education. My faith in education is still as strong, as determined, and as bright as it has been throughout my life. We have to admit, however, that more questions will be raised about the quality of elementary, secondary, and higher education than ever before. Our image in higher education is somewhat tarnished.

Employment patterns have changed, and it is not as easy now for a college graduate to get a job; but I can remember when it was not easy before — I graduated from college in the midst of the depression in 1934. Perhaps we have over-emphasized that a college education will pay great dividends materially. The best dividends it has paid were perhaps in the development of the human spirit.

They say we are over-educating the population. This to me is rank heresy.

As educators and legislators, we should be alerted to see that we maintain programs of quality, that we maintain access to higher education, and that we develop efficient alternatives and make provision for the benefits of incentives and innovation. Above all, let us harness every means for assuring quality and safeguard our institutions from the bureaucracy constantly being developed at the state and national levels. ■

A View of Higher Education by a Legislator Turned President

Max Sherman*

I attended my first SREB Legislative Work Conference in 1971 as a Texas state senator. I didn't imagine then that I would someday be standing before this group, not as a legislator, but as a university president. After looking at the way the program has been put together so that Senator Martin and I are scheduled after all the higher education problems and difficulties described yesterday, I have some concern that the order of the program may be by design. Many of my friends suggested that a move from the legislature to the presidency of a university in 1977 may have been a gross miscalculation. As a matter of fact, when I made that decision many of my colleagues in the Senate thought I had lost my mind. Also, I was high on the seniority list of a large law firm, and my colleagues in the law firm questioned my wisdom. After hearing the comments here about future higher education problems, and after some of the experiences of the last year, even I would have some reason to question the wisdom of that decision. But I would quickly add that serving as president of West Texas State University has been a very satisfactory experience. I'll try to share with you some of my thoughts from the past year as a university president.

Max Sherman

My wife commented after my first ten months that I had given more speeches in those ten months than I had made in the last two years in the Senate. She observed at another time that politics was bad, but, she said, "This is terrible," and there have been times that I have agreed. After going through administrative reorganization and a fairly intensive review of student activities, after having my first serious disagreement with the full faculty, after trying to tread the razor-sharp edge of intercollegiate athletic funding, after preparing for and making my first presentation to the Legislative Budget Board staff, I have to look blankly at my friends who ask me the question: "How is it to be out of politics?" And I think to myself, "Who's out of politics? This is just politics of a different kind."

There have been some changes, however. I find that my reading is different than it was before making this change. I pay much more attention to what's happening not only in Texas but across the nation in regard to higher education. For example, I followed very closely the Yale University search for a new president and, by the way, it was reported in the *Christian Science Monitor* that somehow that search became the subject of daily disclosures as if it were a political scandal. When Yale started its search most persons involved thought there would be an almost insurmountable task of sifting through the applications of many very highly qualified people who would want to be president of one of the nation's most distinguished universities. Perhaps that might have been what happened 15 years ago, but that is not what happened in 1977. Many qualified people declined even to discuss the matter seriously with the Yale search committee. In the end, the search committee made three separate and distinct offers before it could find a taker for the position. Finally the committee went into the university's own English department and chose a man people hope will do very well. But it was only after a great deal of agony that the committee did secure a president.

Max Sherman is president of West Texas State University and was a member of the Texas Senate.

Brown University and Cal Tech have had somewhat the same difficulty in finding presidents. Trinity University, a very distinguished liberal arts private college in Texas, dismissed its search committee after several months of effort, appointed a new committee, and asked them to start to search again, nationwide, to find someone to lead that University.

I cite these cases to underscore my belief that this is a difficult time for universities . . . and for university leaders. The financial crunch is paramount. Again I will move out of the public context to describe an example from the same private university — Yale. Yale will have a $9.5 million deficit for this coming year. To try to balance the budget, the university plans to cut $1.1 million out of administration costs. This reduction will eliminate 55 full-time administrative positions. In addition, almost one-half million dollars will be cut out of faculty costs by releasing several positions. But these drastic adjustments will still not balance the budget. The university will have to cut $7 million more next year and $5.2 million more the following year. Meanwhile, the Yale administration has launched a major fund campaign and hopes to raise $352 million.

Definitely, the university atmosphere is a political atmosphere. There is polarization between faculty and administration, between students and alumni, between those who support athletics and the friends of the fine arts, between the humanities and agricultural development. All these groups have their own interests and loyalties to persons and activities that they have supported, sometimes for 40 years.

Universities, like all of our institutions today, exist in a very litigious society. West Texas State is a relatively small regional institution of about 6,600 students. Parenthetically, I am glad to have a legal background, because I have not felt as threatened by legal action as many college presidents seem to feel. But in my first year we have had to dismiss a tenured member of the faculty and have been threatened with litigation.

At West Texas State, even though we are relatively small and remote, we have all of the various problems of dismissing non-tenured members of the faculty who refuse to accept the judgment of their peers in procedures that are set up on campus. We have complaints from them all: from women and from minorities, from men and from majorities, from students and faculty, staff and alumni, nonadmitted students, nonpromoted students, nonemployed graduates.

Vanderbilt University had a law suit charging that it had not lived up to its contract to educate the student; the student prevailed. The cost of litigation now ranks high on the list as far as operational costs of a university. One of the reasons Warren Bennis gave for stepping down as president of the University of Cincinnati was that he grew weary of hearing his mother introduce him as, "My son, the defendant."

I have also learned that the market for college and university presidents is a lively one. Last year, for example, 360 presidents, or 12 percent, left office for one reason or another. In the 1950s the average tenure for college presidents was 12 years; today it is four years.

"If...you ever lose your faith in education, just go once more to a college or a high school commencement. When you shake hands with several hundred young people...when you see the pride and joy of families who gave so much of themselves... you won't lose faith in the system."

One writer has stated that expansion has been a companion of higher education since 1636, when Harvard was founded. Education history in Texas and around the nation reveals that the most dramatic period of growth was in the 1960s when over 75 universities had an enrollment of over 20,000 students compared to 1940 when there were only two institutions of this size. Most colleges and universities and most state legislatures accepted this concept of growth. Electric power consumption doubled every seven years, scientific knowledge every 10, the number of autos every 11, and the number of human beings in the world every 30 or 40 years. In Texas we increased the number of universities and colleges and various institutions of higher educaton by almost that same kind of percentage. The president of one university said that we were products of a system that was error-free — not because no errors were committed but because there was no need to detect errors and there were always enough extra dollars lying around somewhere to cushion the blow and even to mask the truth from ourselves. The error-free full-growth mentality is now being questioned. Recent Texas newspaper headlines indicate that the days of "ask and thou shalt receive" are over as far as higher education and state legislatures are concerned. Here are two of the headlines as examples: "Legislators becoming criticial of educators;" "State Universities — Is quality a priority?"

In the past legislative session in Texas, higher education did receive a percentage increase for the biennium, but it was the lowest in a decade — 28 percent compared to 51 percent in 1973-75, 1975-77.

Many people, like those of you who are acutely interested in education — conscientious, concerned legislators — feel now that the cost is going up and the quality is going down. Teacher workloads and organized research are issues that are hotly debated; they were examined in legislative committees in Texas and I imagine in most of your states. The Coordinating Board in Texas is authorized to write standards for minimum teaching loads. Texas Coordinating Board Commissioner Kenneth Ashworth, who appeared on this program a year ago, has indicated that these should be in force by September of this year. Dr. Ashworth says that there are abuses of faculty members failing to carry a reasonable workload. To meet the problem, the Coordinating Board in Texas will develop a list of individuals who carry the very lightest teaching loads, and those persons will seek justification for those loads.

Many of you heard Dr. Ashworth speak, but I would like to repeat a couple of statements that he made because they summarize the problems that we are experiencing and that I am personally seeing as administrator of one university. Dr. Ashworth said:

> In an effort to revitalize themselves, colleges and universities are using measures that are stopgap at best and self-destructive at worst by the lowering of admission standards to find new clientele. Then they have to inflate grades and drop performance standards to keep the students in school. New entrepreneurial charlatans have found a market for selling degrees under the guise of innovation. If students can't be enticed to the campuses, schools take the courses to them. Eureka! Portable universities!
>
> College administrators must develop a new approach to higher education rather than constructing new buildings and starting new doctoral programs. If you read the August 7 issue of *Forbes* magazine, you saw another reflection of this same kind of concern in an article about excessive Ph.D.s. The article was entitled "Someone Turn the Damned Thing Off," and the subtitle said, "The U.S. educational system has loosed a flood of Ph.D.s which the market could not absorb and the situation is getting worse, not better."

"Definitely, the university atmosphere is a political atmosphere. There is polarization between faculty and administration, between students and alumni, between those who support athletics and the friends of the fine arts...."

West Texas State University experienced accelerated growth as did most similar institutions. In 1950 we had an enrollment of 1,913; in 1960, 3,200; in 1965, 5,200; in 1969, just under 8,000; and then the decline started in 1970. There were good reasons for it. We had a Strategic Air Command (SAC) base in our area that had 30,000 people affiliated with it. The base was closed. When Lyndon Johnson was elected President of the United States, he failed to carry sixteen counties out of the 254 in Texas. Eight of those counties happened to be in our area. We lost the SAC base. We also had a drought, which so far as I can determine was not related to any election results. The Texas legislature increased out-of-state tuition. We lost 700 students from the surrounding eastern New Mexico, Oklahoma, southern Kansas region — the students who found West Texas closer than their own state schools. The enrollment started down from 7,900 in 1969 to 7,300 in 1971. After the tuition increase, enrollment dropped to 6,500. Last year we went up over 6,600. We are in a strong, viable economic area. Our enrollment should be stable this next year. But we have had between 6,500 and 6,600 students in the last several years, and this figure corresponds to the enrollment in 1967, 11 years ago.

A major problem I faced as a state senator in 1971 was what to do about this declining enrollment, especially since Texas uses formula funding. Most of the funds for state institutions are generated by the number of students served; consequently, West Texas State University was faced with a great loss of revenue. The university needed to do something about a surplus of faculty and administrative staff. We decided to allow the surplus of faculty to be taken care of by attrition whenever possible, but attrition was not enough. That year several talented, carefully recruited young faculty were not renewed. Morale was affected, and the university suffered an academic setback because these cuts were people who would have given a great deal of leadership in the future. We miss them now.

I mentioned that the university did not adjust the surplus in administration. Just prior to the 1971 trauma, in the days when growth was going up and everyone thought it would continue to an enrollment of 15,000, the West Texas University Board of Regents justifiably approved a new administrative structure. They created four vice presidents to handle four different segments of the business activity at the university. Subsequent to that, they added three new colleges or schools. This is the administrative structure I inherited. In 1971 the university reduced faculty, but this administrative structure was continued. Prior to assuming office on September 2 of last year, I had several analyses run. Having been on the Finance Committee the years I was in the Senate and having looked at different institutions, it appeared that there were several things that needed to

be done. I thought it would take six or seven months, or maybe the first year, to determine a course of action. After being at West Texas a short time, I felt the situation would get worse and not better. So after 26 days,I met with my board in an emergency meeting; I told them what I thought needed to be done. They gave their approval. The next day we had a faculty meeting which was attended by almost every member. It was probably the university's best attended faculty meeting ever. Here is the essence of what happened. First, I said that in my opinion — an opinion I had shared with the board the day before — our general administrative expense was far too high for the number of students that we serve and, in general, our salary range was too high. Because university employees are public servants, I said, we are obligated to justify the money and the resources that we use. The inability of higher education to justify these resources has led, and is leading, to many of our problems. It is difficult to justify our present administrative cost based on student enrollment comparable to 10 years ago.

I wasn't sure if I would be lynched or what would happen, but after stating that, I announced that the following changes would take effect the next Monday, October 1: The number of vice presidents would be reduced from four to one; an administrative council would be formed of three people who were already in positions and would meet on a regular basis to make administrative decisions. Then I announced the people who would be in those positions. When it was over, the faculty erupted into a standing ovation. Most of you in politics have had this happen to you at different times, but that reaction will be one of the most memorable experiences of my life, because this was a note of response to a problem that had existed for a number of years. The problem had affected the academic performance of the university, because the faculty, which is the backbone of a university, had borne the brunt of the change in growth patterns. They felt strongly that this was a move in the right direction.

We are now moving to try to put academic administration costs in line. We have been overbudgeting about $120,000. The money basically has come from departmental operating expense. It should be going into the teaching function, the most important function of the university. I've told you this story because this pattern has been duplicated at nearly every university. Many changes need to be made. This story tells of one. Most significant to me is that all this could be done, and yet quality has been improved. The teaching morale is higher than it's ever been.

For me the legislative experience has been invaluable. The kinds of questions that legislators ask, the kinds of questions that arise when considering appropriations and finance matters, reflect the public attitude. I am very grateful for the legislative experience.

Now I am grateful for the experience in education. Like the American dream says, education has been the gateway for people in America. If, as an over-worked, over-lobbied legislator, you ever lose your faith in education, just go once more to a college or high school commencement. When you shake hands with several hundred young people who have worked and studied hard (many of them also have worked 20 to 40 hours a week to have the money to go to school), when you see the pride and joy of families who gave so much of themselves and their means to make those degrees possible, you won't lose faith in the system. ■

Competency Testing's Policy Implications for Teacher Training

Charles B. Reed*

The competency testing programs are all a part of the accountability movement. To show what the situation is in the accountability movement, I would like to discuss the accountability plan in Florida.

A very important policy concept, and one mandated by the legislature, is that the school would be the unit of accountability in Florida. Research overwhelmingly shows that the largest unit of change that you can get in education is at the school level. Very important, but not included as a part of my topic, is the competence of school principals. As all of you know, in most cases, the school is only as good as its principal. I believe a major focus of the accountability program should be on the training and re-training of school principals.

In 1973, as the first step in the accountability plan, Florida implemented a new finance and accounting program. This is an accounting system for both resources and programs, and funding is equalized at 80 percent.

Second, in 1975, Florida initiated a student assessment program that tests student competencies at grades three, five, eight, and eleven, and requires that a functional literacy test be given and passed before the awarding of a high school diploma.

In 1978, teacher personnel competency and assessment were implemented by the Florida legislature.

All three of these areas are major concerns of the lay public. Everyone wants to have a say about them through their elected officials.

The focus of my remarks within this context will be the competence of teachers.

The Usual Political Dilemma: Should a Law Be Passed?

Half of all constituents believe in the late Alben Barkley's rule: "If it is not necessary to change, it is necessary not to change."

The other half believe in Reed's observation: "Not to do something is to do nothing — and if you are doing nothing, what are we paying you for?"

What seems like a desirable path or goal to one group may be considered a tremendous threat to another.

What Is the Real Goal of Accountability?

Most would agree that good schools and satisfactory learning by students is the ultimate goal — minimum competencies for teachers are supposed to lead to more learning by students. To follow Barkley's rule, we would need to determine: "Is it really necessary to change?" This means asking first: Are students accomplishing at a satisfactory level now?

In Florida, we first changed our funding program to one based on student needs, and now have a weighted student program.

Our second step was to develop and implement statewide assessment for students in grades three, five, eight and eleven. While this is only one indicator, it should be an important part of, and connected to, any decision to set competency standards for teachers. However, we need to constantly look at a wide range of indicators beyond test results — drop-out rates, vandalism, placement and follow-up data, students' ability to get along with one another, and their ability to contribute to the communities in which they live. We need to

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continuously monitor what happens to students served by teachers. But achievement is crucial, for if a student cannot read, calculate, and write well enough to get a job and hold it, he will be handicapped in almost every aspect of life.

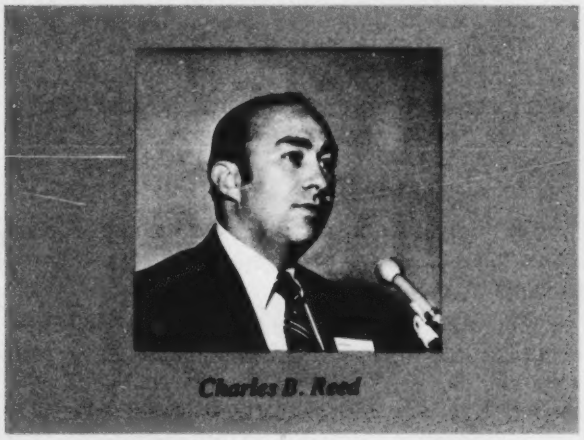
What Are the Decisions, Consequences, Trade-offs?

Seven questions were asked by Henry Brickell in a *Phi Delta Kappan* article relating to minimum competency testing for students. Variations on these questions are relevant to concerns on minimum competencies for teachers.

The questions are:

1. What competencies?
2. How to measure?
3. When to measure?
4. One minimum or many?
5. How high the minimum, and who sets it?
6. Minimums for teachers, for teacher training programs, or for both?
7. What to do with the incompetents?

We are talking about how teachers are being judged in America by the public. The tools for measuring student achievement have been refined and used to gather better information than we have ever had. That information on student achievement, both at the state level and on the national level, has been widely disseminated through the media. In Dallas this past winter, the school board had an experience in teacher testing using the Wesman test. The Dallas newspaper sued the



Charles B. Reed

school board for the results of the teacher tests. The results showed that over one-third of the teachers tested flunked the Wesman test. So whatever you do will receive wide dissemination through the media the same as student testing is receiving.

It should be borne in mind, however, that no system of testing and measuring achievement is perfect. Any test, after all, is like a snapshot. It can only take a "frozen sample" of behavior at one point in time. No matter how much care is exercised in the development of tests, it is always possible to point out some defect: the items test mostly trivial behaviors; they fail to test for something; they discriminate against the poor; or, if not these, then something else. All that can be done to counter these objections is to be fully aware of the test rationale, to be able to justify it, and to take all precautions possible to develop satisfactory tests.

In this regard, it should be noted that we need to strengthen our "process measures," and to work on ways of "cross-checking" so that different "samples of behavior" can be compared to yield a more complex and accurate total assessment. It is also important that state legislatures conduct more oversight as a part of their responsibility to see that legislation is carried out according to their intent, as a recent study recommended to the Florida legislature.

Next, we are talking about a profession which is trained, for the most part, by our nation's colleges and universities. These colleges and universities are currently facing severe criticism about the relevance and quality of their programs. I strongly believe that the responsibility that the universities and colleges of education have should be put under close accountability standards. By that, I mean that the universities and the colleges of education should be held accountable for the results their graduates produce. Have any of you spoken with your university or college president about his or her priorities within the institution? Experience shows me that the universities and colleges do not have the improvement of public education as a very high priority. Until we get the full support of the institutions of higher education to improve education, we are wasting resources.

In order to hold the universities and colleges accountable, we must assess the "work success" of the teachers that come from each institution. The graduates of a college should be judged, among other things, by (1) the achievement of their students on objective-based testing programs (not just on basic skills, but on all curriculum areas); (2) the performance of their students on measures of ability to work with each other and to accept responsibility for their own behavior; and (3) the evidence that students are progressing in their abilities to contribute to an ever-widening social community. This kind of accountability is far from easy to mandate. Legislators and others involved in policy leadership must work together to make the best possible decisions by answering the three questions of:

1. What goes into law?
2. What goes into rules?
3. What should be left for local decision-making by management?

Let us look now at the basic decisions around the questions on minimum competencies for teachers.

1. What Competencies?

Florida's decision: Four basic skills competencies and one professional knowledge competency for teachers are in law (Section 231.17 (3), Florida Statutes; Committee Substitute for Senate Bill 549, 1978), and an additional eighteen professional competencies are in the State Board of Education Rules. These were established by an extensive program of involvement procedures to get consensus of many professional educators. The Florida legislators responsible for this legislation are here today and I am sure can answer many of your questions.

Let me discuss an alternative to the "consensus" process that we used in Florida. In 1971, Florida had a State Research and Development Program which funded projects to begin research on teacher competencies that resulted in or affected student learning constructively. Extensive cuts in funding for this costly research led to abandonment of that way of identifying competencies. The major problem: it was not possible to establish a clear-cut link between a given teacher competency and a corresponding pupil outcome. The research *suggested* a statistical relationship between teacher behavior and student learning as measured by tests, but this association is too weak to establish with confidence the clear effects of a single teacher competency upon significant pupil achievement. Furthermore, teaching is not an activity involving only one variable. Teaching activities unavoidably embrace a number of variables, and interactions among variables, so that what you have are relationships among *patterns* of teacher behavior, *patterns* of teacher-pupil interchanges, and the influences of other aspects of the specific instructional situation. Thus far, researchers do not agree on how to determine the effects of possible combinations of identified and measurable variables upon student learning. This problem is being attacked, notably by N. L. Gage at Stanford and by Benjamin Bloom at Chicago, with some cautious indications of success. The problem of ruling out "alternative explanations," such as individual pupil background, remains the biggest barrier. It seems as though research will take forever! My recommendation is to seek consensus through *involvement*.

The opinion of a number of authorities is that approximately 50 percent of the students in a school will learn at a satisfactory level if the teachers give them fairly clear assignments, some group instruction, a modest amount of encouragement, and information about their progress. These students require very little individual instructional attention. For the remaining 50 percent, however, individual instruction is crucial. Teachers must diagnose learning difficulties, give corrective feedback, provide reinforcement, and involve these students actively in "learning how to learn." Our training programs have too often been concerned with preparing teachers to teach those students who require the least amount of instruction. It is as though our medical schools concentrated on turning out physicians for patients who would probably get well without any special treatment.

> "...to hold the universities and colleges accountable, we must assess the 'work success' of the teachers that come from each institution."

Research on school learning (summarized by Benjamin Bloom at Chicago) tells us that 50 percent of the variation among pupils in their achievement is attributable to what students already know and bring to the learning task. For example, suppose you have a group of students trying to learn long division. The students who do not know how to multiply, add, or subtract are not likely to learn to do division. But those students who *can* multiply, add, and subtract have the prerequisites for learning long division and are apt to succeed. Lack of knowledge of any one of the prerequisite skills for a given learning task is what causes the non-achieving student to fall farther and farther behind. His lack of prerequisite learning accumulates, decreasing his capacity to learn — month after month, year after year. Thus, the need for costly state compensatory education programs!

The research on school learning further suggests that 25 percent of the variance among students is attributable to attitudes students have toward themselves as learners and toward the subject they are trying to learn. Those children who feel that they cannot learn arithmetic are less likely to succeed than the children who feel confident. But it should be noted that a learner's attitude at any age is both a condition and an outcome of learning — a *condition* because it influences whether one will learn; an *outcome* in the sense that people's attitudes toward themselves as learners will change as they succeed or fail in the learning tasks.

A third powerful variable which Bloom's research identifies is the quality of instruction. Approximately 20 percent of the variance among students in achievement can be attributed to the kind of instruction they get. So, if a child has the prerequisite knowledge for doing a learning task, and the kind of instruction he needs, the chances are overwhelming that he will learn, even though his attitude toward himself and the subject are unfavorable. This means also that the effect of

family background and cultural orientation can be neutralized, if the prerequisite skills for each learning task are built up by good insruction.

One of the strongest contributions of research on school learning is in suggesting the key features of the third main variable — quality of instruction. For example, corrective feedback and reinforcement are pretty well established as two of the essential competencies for effective teaching. We know also that corrective feedback cannot be given unless the teacher can diagnose the learning difficulty. So diagnosis is an essential feature of effective teaching. The two other features of instruction supported by research are the right kinds of cues — the materials and directions given — and the total amount of time a student is actually paying attention to the learning task.

We can see, comparing the power of the research on school learning with the slow progress of research on teacher competency, that there is going to be criticism that the whole teacher competency approach is "missing the boat"; that we are making a research "error of the third kind" (which is to try to solve one kind of problem when we should be solving a different kind). I know of no one who defends incompetency in teaching or anywhere else. Many thoughtful professional teacher educators will argue that academic and technical competencies are not what we should be emphasizing. They say we should put our resources into selecting and training teachers to be self-assured, resourceful, sympathetic individuals who care about youngsters enough to do anything that is necessary to help them. They want resources to develop techniques for measuring these kinds of competencies and characteristics. this involves questions of values and the effects of those values on resource allocations. We can expect conflict among different ideologies to continue to divide people concerned with the profession of teaching, especially those who train teachers. Whether you are a legislator or a professional educator, you will have to decide whether to support an approach which emphasizes technical competencies or one which emphasizes developing certain personal characteristics and interpersonal skills of teachers. The courts have upheld teacher examinations that measure competencies tied to job roles and not to personalities.

2. How to measure?

Florida's decision: The law specifies that, for entry into teacher training, a candidate must get a passing score on a nationally-normed standardized college entrance exam (a paper and pencil test on general liberal arts prerequisite skills). For *certification*, Florida law prescribes passing a written comprehensive examination on teaching competencies, and Florida rules specify satisfactory completion of state-approved teacher education program. Each institution determines what measuring procedures will be used for determining that the minimum technical competencies have been adequately demonstrated through performance.

If legislators decide to specify *how to measure*, the choices and problems begin with this basic question: Should actual performance on the job be measured? The best indicator is observing the teacher in the classroom. However, this requires a trained observer in order to avoid arbitrary or unfair judgment. The major disadvantage: the high cost of training and employing observers.

I have two recommended solutions on "how to measure:"

1. Train teachers to be observers and provide released time for training and observing colleagues. This is less expensive than using supervisors, and is more acceptable to teachers. Moreover, training in observing is known to transfer over the improvement of the teacher's own teaching skills.

2. In some cases, video-taping samples of teachers' classroom behavior has been used as a way of identifying their problems and providing feedback to the individual. Video-taping is fairly inexpensive, and it could be used as one way of gathering data for evaluating competencies for in-service training as well as teacher preparation. It has the added advantage that one can review the tapes and reproduce them.

The third question on minimum competencies for teachers is:

3. When to measure?

Florida's answer: For new teachers, competencies are measured at entry to pre-service training (undergraduate level) and before initial certification. For in-service teachers, the state sets no prescribed time for testing minimum competencies — this is a local decision. State recertification is required every five years. Competencies and work must be related to the job the teacher is in.

4. One minimum or many?

The question here is whether the performance standard (the indicator of adequate achievement required of the teachers) will be set by rule or by law, or set by the individual institution or local agency carrying out the training program. Florida's response is to leave this question up to individual programs, but to require that indicators must be defined clearly and specified in program policy. Law and rules establish the "nature" of the competencies which, in Florida, include five general education competencies and 18 professional competencies.

My opinion is that the question of one minimum or many will require a great deal of consideration. If individual institutions and local agencies are left to determine the desired performance levels, the course of improvement will continue to be a long and torturous one, requiring much monitoring and follow-up. If minimums are set by rule or by law, the standards will have to be based on a very shaky research foundation. In both cases, there are problems which will require continuous attention.

5. How high the minimum — and who sets it?

The major class of arguments you will get against setting a minimum standard for teacher performance is that the minimums will tend to become the maximums. The same complaint holds true for student competencies. Personally, I believe that setting state minimums for individual teacher performance, using the program approval approach, will bring about improvement. I do not think that requiring the setting of specified minimums for competencies will, in any way, predetermine the curriculum of the training institutions. For decades, we have had no minimums at all and no statement of competencies, and yet the programs of teacher training institutions throughout the country have tended to be very similar, depending upon which psychology textbooks are used and which methods books and approaches are adopted. All programs have practice teaching, with most internship experiences managed by underpaid and overworked junior faculty and whatever classroom teacher will accept the extra workload of supervising student teachers. For any set of minimum competencies, the institutions can use many routes to training. And I do not believe that we have any evidence at all that setting minimums will in any way restrict the curriculum of teacher training institutions to make them any more alike than they already are. I would make the same argument with respect to local in-service teacher education programs. Identifying the indicators of minimum performance merely fixes and makes explicit the responsibility of the individual institutions and school districts. This makes accountability possible without restricting desirable alternatives.

> "...universities and colleges do not have the improvement of public education as a very high priority."

6. Minimums for teachers or for teacher training programs?

In Florida, the minimums are specified in general terms,by identifying the *kinds* of competencies pre-service programs must include, and establishing responsibility for who specifies the measures and does the testing. For in-service, the specifications are set for school district programs with master plans in which districts are required to show that the training components fit in with the overall comprehensive plan and also relate to curriculum needs. Thus, Florida's minimums are identified *in general* for teachers and *in particular* for training programs.

One problem that has grown up over time is that, despite the tendency toward uniformity of teacher education programs in institutions of higher learning, there is, in almost every institution, ideological cleavage in the faculty. At the undergraduate level, these differing philosophies can be confusing to students and, in many instances, discussions of basic theories are seen as a waste of their time. Students may be exposed to the classical humanists, the radical behaviorists, social reconstructionists, psychological humanists, the systems analysts, the job-task analysts, etc. Students go from one instructor to another and hear these different ideologies emphasized verbally. Only rarely, however, do these differences appear to be visible in the professor's own teaching methods. And even rarer are total programs designed so that student teachers have a chance to compare and intentionally try different methods derived from different theories of teaching and learning. (The rare exceptions have proved quite powerful in expanding the repertoire of the student teachers so that they may pick and choose what works with different classroom situations.) More often, these differences merely serve to make it difficult for faculty members to work together in the designing of a program for the improvement of teacher education. Cooperation among college of education faculty is as difficult as if one had a medical school in which there were the drug and surgery faculty, the holistic healing faculty, some chiropractors, some osteopaths, and some who believed in using Christian Science or other spiritual approaches — all trying to work out a program for training health practitioners. Any effort to evaluate institutions of higher learning as teacher training institutions will encounter the conflicting ideologies about the nature of the teaching and learning process. How to coordinate these approaches to help the individual teacher best serve students is a formidable problem, but somehow it must be done if we are to get the best possible instruction in public education at all levels.

7. What to do with the incompetent?

Florida has not totally solved this problem; however, the general policy is — *At entry to pre-service program:* Institutions who exclude students on the basis of low scores on the college entrance test must have provisions for counseling the students and (optionally) may elect to provide for remediating basic deficiencies in the general education of the candidate.

At exit from pre-service program: The student presumably has been tested all along throughout the program. However, the Florida legislature has asked for a comprehensive written examination of teaching competencies and a year-long internship as a prerequisite for regular certification. The Commissioner of Education is to submit a report to the Florida legislature by February 1, 1979, which will include:

1. An analysis of the cost of such internships; and
2. The state and school district procedures required to administer them.

The "year-long internship" was advocated by Dr. B. Othanel Smith in his book, "Teachers for the Real World," in 1969. Dr. Smith believes that the internship should come after the bachelor's degree. He states that attention should be given to the school situation in which the intern is placed and some provision should be made for training the supervising teacher. Furthermore, the first year of teaching after the internship should be one in which the intern is in a supportive and sheltered situation.

For in-service teachers already on the job: Once a teacher has been certified, the district is responsible for monitoring performance and for setting minimum standards. The district is also responsible for providing remediation for any teacher who appears to lack needed competencies. In extreme cases, certificates are revoked upon documented evidence of uncorrected competency deficiencies. Problems here relate mainly to the delicate balance between protecting a teacher from unwarranted or unfair evaluation, and protecting students from poor teaching. Florida is spending $8 million this year for in-service training, or $5 per student, to retrain its teachers.

Summary

In conclusion, let me note that I have said a lot about what we are doing in Florida. This is not to say that other states in the Southern region and elsewhere are not a part of this study. I admire Florida's spirit, its activist stance, and its willingness to seek new solutions to age-old problems. However, let me welcome all of the other states into this arena of teacher competencies and encourage the many actors to enter into the dialogue which will form better laws and policies for improving education. I would also like to suggest a role for the Southern Regional Education Board: bring states together to share developments in the teacher competency movement.

I am aware that some of my suggestions are a bit presumptuous. But I believe we must be willing to take the risk of putting ideas out in the open so they are widely discussed and tried out in order that the quality of teaching in the future will improve.

In theory, the competency tests and certification laws in Florida protect the public by assuring the quality of the teaching provided to our students. In Florida, the law assigns standards requiring every candidate for certification to pass an examination approved by the State Board of Education, and provides for the suspension or revocation of certificates under certain circumstances — usually having to do with moral turpitude rather than professional incompetence. But whether the licensing or certification laws should be (or, indeed, can be) used to elevate the standards of a professional group is another matter. It is generally acknowledged that a license or certificate should represent a minimum floor below which standards should never be permitted to fall and above which professional groups and institutions should be encouraged to pursue their own standards of excellence.

I wish I had a ready solution to this issue. I do not. We can all agree that a problem exists, but I think that most thoughtful observers are not that confident that any ready solution exists. I am sure that improvement of teaching in the future depends upon willingness of legislative leaders and others concerned with these issues to work together in opening up dialogues, in examining alternatives, and in proceeding one step at a time to make wide decisions.

In my experience in dealing with social scientists, I note that their main strengths are as analysts of behavior rather than solvers of complicated real-world problems. They can point out recurring patterns of social behavior and tell us how we are going wrong in this or that specific problem area. However, as you are all aware, those in the political arena realize that there is no such thing as a big problem in the real world: there are just little problems and complicated messes. ■

Remarks by Governor John D. Rockefeller IV

I want you to know how important I, as chairman of the Southern Regional Education Board, believe this Legislative Conference is. It is tangible evidence of the essential and necessary involvement of legislators in the efforts to keep higher education strong in our region.

We've come a long way, through many cycles, but there are some extraordinary new challenges on our horizon. These cannot be met at all if you, who directly represent citizens of the 14 states comprising our Board, are not carefully and intensively involved. So I am glad that we have all come to Williamsburg.

When I looked at the schedule, I noticed that on your Tuesday session you have "Views on Higher Education by a Legislator Turned University President and University President Turned Legislator." I feel a bit "one up" on that, because I did serve in the legislature, I have been a college president, and I am now governor. Some say that shows a lot of experience. Others say I have a hard time holding a steady job. But whether we are governors, legislators or educators, whatever role we play — I think that we had best be prepared for some tough times coming up. We are entering, if you will pardon a cliche, a "new ball game," and I think our biggest challenge is going to be dealing with it. The higher education problems that are emerging, and in some cases already exist, have never really had to be confronted in recent years in the South. Let me share with you for a moment a few of what I see as some of those problems.

In a sense, what we face in education is not entirely unlike what we face in energy. That is a crisis — a crisis we cannot afford to deflect into the future. There are certain facts of life prevalent today in higher education that we cannot ignore. At best, people who make projections for SREB, and do so accurately, project a slow growth for higher education in numerical terms in the coming 10 years. It varies, of course, from state to state according to the population increase. But fluctuations in enrollment seem to be a certainty. The difficulty of planning for that uncertainty, in budgetary terms, is going to be very hard indeed. If enrollment levels off or if, in some cases and in some states or in some parts of some states, it in fact declines, even for just a few years, we will be faced as elected people with a somewhat shrinking constituency in higher education. This will therefore take away from us some of the political pressures that a growing constituency usually brings to us, thereby calling for a much clearer sense of priorities and commitment than we have had in the past.

Everybody who looks at the problems and possibilities of unionization in education looks today at Memphis. If they are not pleased by the prospect of unionization, they say, "Well, Memphis will show us; that we will solidify the public out there and show that the public doesn't want this."

I'm not sure that the lesson in Memphis isn't entirely different. And it is that given inflation, fewer dollars for more purposes, and thus more competition for those dollars, public employees, whether they be unionized or not, are going to have their backs up against the wall. In this setting they may be willing to take acts of work stoppage or otherwise that they would never have contemplated one, two, three or five years ago. And perhaps they would do so, knowing full well that the weight of public opinion is against them, because they would feel they have no other choice. And for those who would say that Memphis will put the situation in perspective and show the public commitment against work stoppages of public employees, I would suggest that the lesson is maybe *not* that. But it shows that there is a basic frustration on the part of those who trained themselves carefully, who invest in their

training and then come up against a budgetary wall or an employment wall which they cannot overcome. Hence, the whole problem of how they are going to react to that.

Will there be, therefore, increased militancy or instability on your college and university campuses in the South in these coming years? Faculty are different. They see themselves as different. I remember when I was president at West Virginia Wesleyan College I did what I thought was a cost-effective, administratively-sound act. At Wesleyan we had 1,800 students and only two were enrolled in Spanish. We offered a variety of other foreign languages and I decided that it was administratively wise and intelligent for future planning to eliminate Spanish, which I did...only two students were enrolled. What I did not understand was the effect upon faculty of the "assault" on liberal arts. And hence, the classic dilemma presented these days to a college president or a university president — the drive for cost-efficient education coming into direct conflict with classic liberal arts education, which has been a particular incentive toward research excellence and self-esteem at the core of university and college faculties. That particular self-esteem is now under assault through understandable and necessary administrative cost-efficient decision making.

For example in West Virginia, I think we are making a wise decision in saying there will be a no-growth policy in terms of public employment as a whole. I said that I would do this when I gave my first state of the state address a year and a half ago. Public employment has not grown. That meshes with what I think the public wants. On the other hand, that is an entirely new experience, at least in West Virginia, for all sectors of public employment and is "threatening" in its definition to teaching faculty and research faculty.

When we came to setting a budget, we ended up with a moderate surplus, even though we did have a 111-day coal strike. But, one of the ways we achieved that surplus was by giving essentially a five percent across-the-board increase. Now that was less than the increase in the cost of living and we applied it equally all the way across-the-board with some extremely minor variations. And, that raises the question — again looking at the self perception of the faculty person and that core of integrity and honor that is held on campuses — Is a faculty teacher, a research person, or a teaching member of the faculty, with all of the investments in his or her learning, to be treated in an administrative manner and in a cost-efficient manner, in an across-the-board manner, in the same way as an engineer in the department of highways, a road construction worker in the department of highways or a hospital orderly at a mental health institution? Again, faculty feel themselves to be in a "special" category. They have, for the most part, been treated that way over the years as higher

Governor John D. Rockefeller IV

education has been in its strong growth pattern in the South. Now, there's a budget crunch. How do we as governors and legislators respond to that particular problem of self-perception within a framework of new budget constraints?

Tenure is another problem. How are we going to face up to that when now, in the usual situation in a university or college, 65 and 70 percent of the faculty are on tenure; when we are moving toward 70 as retirement age; when schools are still producing teachers, research personnel in many fields, and younger people are going into teaching, perhaps in not quite as great numbers as before but still substantial numbers? They come up against that five- or seven-year wait, and all of a sudden they get tenured or not. Nationwide, 62 percent of the faculty members are granted tenure, and anything over that approaches a frozen teaching situation. We need to ask ourselves a number of questions. What is the quality of that teaching? Is it fair to those coming up? How do we adjust to that? What effect does that have on morale on the campuses and upon the quality of teaching on the campuses?

We've never had that problem before, because we were always growing. Tenure was automatic. Tenure is one of the sacred traditions on the campus. Woe be the college president, the board of regents, or the board of higher education threatening to look at tenure carefully. But the quality of teaching under the problem of a "slow growth," if not "no growth," future — the quality of the teaching and the handling of the faculty in a way which is humane, which recognizes their special sort of integrity, and their special self-perception — is, I think, a major problem of our future.

And quite frankly many of the people who are now presidents of colleges and universities have been brought up under a "full growth" mentality that we can do what we need to, that we can have the money to start new programs, or if we can't get it from the state

government or the federal government, we can find it from a foundation. Well, everything is diminishing now. Foundations are giving less. Private giving in this country has declined in the so-called third sector of American life. Charitable giving has somewhat declined in this last year, because people are unsure in ways that they weren't before in a full-growth economy. So that, more and more boards of regents, boards of higher education, and boards of trustees are looking to professional administrators as opposed to persons whose experience has been collegiate teaching. They're looking to professional administrators to become presidents of colleges and universities. And if that is not a full-blown cycle today, it will be five years from now. That in itself again threatens the self-perception of those who teach and do research at universities and colleges, even as it fits into the framework of the necessary budgetary constraint we can't get away from.

> "There is still the feeling of unlimited possibility, but the dollars are not giving us that opportunity."

So these problems close in. There is still the feeling of unlimited possibility, but the dollars are not giving us that opportunity. So all of these problems have to be faced up to. And yet, somehow, we need to maintain excellence. In our Southern higher education, we need to maintain that particular sense of excellence which can be measured in some ways, but which is essentially "felt," which is perceived and which is a matter of pride. We have to *preserve* the excellence. We have to preserve the research *edge*. If we lose that edge, we lose our momentum. If we lose that momentum, we lose our pride. And higher education symbolizes that. If it works well and with excellence, we all do well. If it is perceived that it is in trouble, it will slack off. So it is our job, on the one hand, to deal with the realities, and on the other hand, to insist on excellence and keeping that cutting edge there.

Nowhere in America is there an area as exciting in every respect as the South. And if the leading edge of that growth has not been industrial parks, but has been the emergence of higher education to a leadership position, then never has higher education been so vulnerable as it is now going to be. Therefore, never will the relationship between higher education and us as legislators and governors in the political process be more important than in these coming years.

We have to be wise, thoughtful, and hopefully visionary. We have to be tough and stretch ourselves, as we never have before, to understand the need to protect higher education. Higher education has never been very good at protecting itself except through organizations such as SREB which have helped us do it, and except as our political process has helped us do it.

We're going to have to be prepared to deal with this future individually and state by state. The legislative branch is going to have to look very carefully to its understanding of the higher education process; and so will the executive branch, which has also taken higher education somewhat for granted. It is easy, you know, for a governor to emphasize or not to emphasize education. He can do it through symbolic ways: *Speaking* — how much time is given to higher education in the state of the state address. But to really protect, work for, and deal with higher education in a wise and competent manner is going to be a new challenge for a governor — much more complicated than the length of time dealt on the matter in speech making. *Campus visits* — not just "reacting" to crises. In both of our cases, legislators and governors, so often we react only to crises, or we use up all of our energy worrying about whether the board of higher education or the board of regents is doing the full job in terms of open meetings. *Access* — and that's a legitimate issue. Sometimes it becomes the only issue. As elected officials, we have the responsibility to look at issues from a broad perspective. So I am going to become wiser, in terms of higher education — at least I'm going to try to. And I think that all of us need to do that. Higher education needs us as it never before has. And it's going to be easier for us to neglect it than ever before. Therein lies the risk.

Now during this coming year as SREB chairman, my task and my goal is to try to deal, together with you, with these problems wisely. Along that line, in a way of offering some help, let me suggest that you feel intensely and sincerely an obligation to keep in close contact with this Board. There is a lot of good information supplied by SREB of which we can make better use in our states. We need to understand the higher education issues as never before, so let's stay close to SREB with its superb leadership and its superb staff— the oldest and best interstate compact in education anywhere in this country.

> "We have to be tough and stretch ourselves, as we have never before, to understand the need to protect higher education."

And let me close by saying that there is one more matter that constantly needs the attention of all of us. And that is the relationship between legislators and those who have the responsibility, on a day-by-day basis, for running higher education in our states. That should be a constructive relationship, even though it

"...the quality of teaching and the handling of the faculty in a way which is humane...is, I think, a major problem of our future."

will be adversarial from time to time. It should be, overall, a sense of what is the right and best thing to do. Let's try to look at the big picture, understanding that there will be some differences. Government, I think, has a right to expect higher education to become more accountable. But higher education cannot be reduced entirely to a matter of cost-efficiency, because of its particular fundamentally different nature. And higher education, I think, has a right to reasonable funding without the so-called "feast or famine" budgetary or attitudinal cycle that we in the political world might be vulnerable to under budgetary crunch years coming up.

Let me leave you now, regarding very carefully, these specific goals of the Southern Regional Education Board:

> To provide every individual with opportunity for maximum development of his or her abilities; to produce citizens responsive to the social, economic and political needs of their times; to achieve excellence in teaching, scholarship and research; to accelerate the economic progress of the Southern region through education and research; and to guide the region in solving social problems created by population changes, racial differences, urbanization and technological growth.

That, my friends, is an agenda. ■

Remarks By Governor John N. Dalton, Virginia

First, let me extend a somewhat belated welcome to this historic former capital of Virginia, which among its assets counts the second oldest college in the United States.

When the first representative legislative assembly in the new world met at nearby Jamestown in 1619, one of its actions was to ask the royal governor to ask the king for the money and the personnel to build a college. While the historians of the time tell us that the royal governor's answer was unprintable, it was also unmistakable. As a consequence, we have to agree that the College of William and Mary here in Williamsburg places second to Harvard. Of course, we all understand that we are speaking in chronological terms only.

I am sure you have noticed on your programs that the rest of your speakers have all been assigned topics, while I am listed only for remarks. I assume your program chairman understood the inherent danger in giving a governor that kind of latitude.

Governor John N. Dalton

While I realize that many of the legislators here have also had recent and sometimes character-building exposure to the voters, let me review our situation from that perspective.

I think we would agree in retrospect that the vote on Proposition 13 in California was just the first eruption from a major head of steam in the minds of the taxpayers. Other states have already followed suit in various ways.

It also seems clear that if the action focuses on property taxes, there will be pressure to increase state taxes, so that our local governments may survive.

We have already seen the fall-out in Washington, where the argument is now over where and how much to cut taxes at the federal level.

The impact on higher education is even more severe, since the projected decline in enrollments, the surplus of Ph.D.s, and the results of performance testing in high schools have been well publicized. It seems fairly obvious that state and federal funds for higher education will be much harder to come by. At the same time, there is no encouragement that our colleges can compensate by raising tuition. At some of our prestige schools, we are already pricing middle income undergraduates out of the market.In Washington, the Congress is expressing general public concern over tuition costs by its efforts to provide exemptions for parents with children in college.

In short, after an explosion of funding for higher education, particularly in the South, our people are now in the mood for a reassessment. I would suggest to you that this is not all bad. I daresay that every legislator in this room has heard from people asking you to reassess the role of higher education.

In the Sixties, all of us in the South set out to build graduated, flexible systems of higher education in which every potential student could find a place commensurate with his or her abilities. Here in Virginia we not only went that route, but we put forth a sales tax in 1966 and increased it in 1968 to pay for it. I think we have largely erected the framework to accomplish that objective. As usual, the public is right. It *is* time for a reassessment.

In extending our four-year institutions, we have tended to duplicate in each case what our educators told us was the model college or university. From a cost-benefit standpoint, we simply cannot afford continued educational cloning. We need to re-examine the missions of our institutions, and be certain that their present curricula and their future growth confirm to that mission.

For the college administrators, the simplistic answer to a squeeze on finances is to do more with what they've got, and I think they would agree there is room in that direction.

In our public schools, we have been trying to reduce the size of classes, because discipline problems have been developing and there's a wide disparity of learning ability. In our colleges, these problems are not as acute. In either case, there is no solid scientific evidence of a relationship between smaller classes and better education of the students.

While our undergraduate tuition may be approaching practical limits in some cases, our graduate tuition could be closer to the cost of educating graduate students. After all, a medical degree or a law degree is still a pretty reliable guarantee of an above average income. There is less reason in those cases to ask the taxpayers to pick up a major part of the cost.

"From a cost-benefit standpoint, we simply cannot afford continued educational cloning."

The current period of reassessment would also seem like a good time to tackle the paradox that education is the most expensive function of state government and, at the same time, it offers us the least effective means of measuring results.

Our college alumni offices keep track of graduates for fund-raising purposes, but this measurement really doesn't give the taxpayers much assurance that they are getting their money's worth. Our colleges keep even closer track of their graduates who become state legislators, but their motives are usually more partisan than public.

We have traditionally distributed money to our colleges on the basis of the number of students, but the popularity of a college course is not always an accurate measure of its contribution to the general welfare.

Our Virginia Council of Higher Education has made a start toward measuring results by requiring colleges asking for new courses to indicate the criteria by which the course will be judged five years hence.

Here in Virginia and in other states as well, various committees and consultants have studied course offerings with the result that a number of courses have been eliminated.

I don't mean to leave the impression that I think our reaction to the current mood of reassessment needs to be essentially negative. It gives us the chance to concentrate on problems of quality, rather than the problems of quantity that have occupied us. It provides an incentive to look more closely at space and faculty utilization in something more than traditional terms.

It prompts a closer look at the respective missions of our colleges and universities in the flexible, graduated, comprehensive system of higher education that we set as our goal.

It suggests an examination of student bodies that have suddenly become much older, with somewhat different expectations. In corporate terms, it points us toward more management by objective in academic enterprise.

Most important of all, it warns us that these things might much better be done by our colleges and universities themselves.

May I close with a suggestion from 200 years ago. When a subsequent royal governor disbanded the Virginia House of Burgesses meeting here in Williamsburg for preaching insurrection and independence, the members repaired to the taverns along Duke of Gloucester Street, where they continued their discussions in a more relaxed atmosphere.

If you follow their example, who knows — you, too, may agree on some fundamental principles for our own time. ■

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